

enterprises of the
gouvernement du Québec

1982-1983

financial statements

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the gouvernement du québec**

1982-1983

financial statements

publication prepared under the authority of the
Minister of Finance



**Gouvernement du Québec
Ministère des Finances**

ISSN 0383-3801
ISBN 2-551-05966-6
Legal Deposit, 2nd Quarter 1984
Bibliothèque nationale du Québec

I am pleased to present this publication which includes the financial statements of most of the Government's enterprises.

Even if, as a rule, these financial statements are tabled in the National Assembly, we are grouping them together in this volume for ease of consultation and analysis of the financial position and operating results of the various enterprises.

Jacques Parizeau

Minister of Finance

Québec, April 1984

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CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

GENERAL FUND
AUDITOR'S REPORT

I have examined the balance sheet of the General Fund of the Caisse de dépôt et placement du Québec as at December 31, 1982 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the General Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial position of the Fund at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 4, 1983

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

GENERAL FUND

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Investments (Note 2)		
Portfolios:		
Bonds	7 814 328	7 120 682
Shares and convertible securities	1 384 125	1 221 867
Mortgages and real estate financing	404 123	452 591
Real estate investments	188 060	54 972
Short-term securities	1 168 548	492 950
	10 959 184	9 343 062
Cash	2 594	448
Investment income, accrued and receivable	230 237	189 073
Advances to segregated funds		29 276
Other assets	2 933	444
	235 764	219 241
	11 194 948	9 562 303
LIABILITIES		
Deposits (Note 3)		
demand	485 614	302 356
term	166 300	107 969
Revenue payable to depositors (Note 4)	267 280	235 093
Interest on demand and term deposits payable to depositors and other funds	6 273	5 679
Transactions under settlement	1 811	4 018
Mortgage loans	17 651	5 933
Other liabilities	51 444	7 922
	996 373	668 970
PARTICIPATION DEPOSIT HOLDERS' EQUITY		
Participation deposits (Note 5)	9 925 073	8 651 502
General reserve (Note 6)	273 502	241 831
	10 198 575	8 893 333
	11 194 948	9 562 303

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU

Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
GENERAL FUND

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1982
(\$ THOUSANDS)

	1982	1981
REVENUE		
Investment income		
Interest on bonds	847 571	745 454
Interest and dividends on convertible securities	72 844	75 033
Interest on mortgage and real estate financing	44 318	45 340
Real estate investment income	12 420	3 646
Interest on short-term securities — net	140 285	79 441
	1 117 438	948 914
Profit and loss on the sale of securities	31 671	40 355
Other revenue	326	98
Total revenue	1 149 435	989 367
EXPENDITURE		
Administration		
Wages, salaries and fringe benefits	5 998	5 056
Travel expenses	238	214
Professional fees	613	380
Mortgage management fees	1 580	1 497
Handling and safekeeping charges	284	297
Fidelity and other insurance	151	203
Premises	1 138	943
Equipment	371	397
Stationery and office supplies	93	74
Documentation and information	308	258
Communications	222	191
Amortization of installation charges	95	
	11 091	9 510
Administrative expense charged to other funds and portfolios (Note 7)	4 635	3 849
Administrative expense charged to the General Fund	6 456	5 661
BALANCE OF REVENUE	1 142 979	983 706
Interest on demand and term deposits — net	81 643	79 522
NET REVENUE	1 061 336	904 184
Transfer of profit and loss on sale of investments to general reserve (Note 6)	(31 671)	(40 355)
Revenue assigned to participation deposit holders (Note 4)	1 029 665	863 829

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

1 - MAIN ACCOUNTING POLICIES

The financial statements of the General Fund were prepared by management according to the accrual method, within the framework and bounds of the following accounting practices:

a) Consolidation

For administrative purposes, certain real estate investments of the General Fund are held by wholly owned subsidiaries whose accounts are consolidated with that of the Fund. The subsidiaries are:

- Cadim Inc.
- Developpements Pasteur Inc.
- Immeubles Cadimont Inc.
- Immeubles Cadev Inc.
- Les Immeubles Trans-Québec Inc.

The Individual Fund and the segregated funds have separate financial statements.

b) Investments

Investments in bonds, mortgages and real estate financing, real estate, as well as short-term investments are shown at their amortized cost price. Shares, convertible securities and land are recorded at cost.

c) Recording of transactions

Purchase and sales transactions are recorded at the settlement date.

d) Dividends

Income from dividends is recorded when entered in the shareholder record.

e) Interest on short-term securities - net

This item includes interest earned on short-term securities, interest charges on loans and gains or losses on foreign exchange.

f) Fixed assets

Furniture and equipment purchases as well as the furnishing of offices are charged to administrative expenditure. Installation costs for moving into new offices during 1982 are charged to administration over the ten-year length of the lease. These costs include moving expenses, office furnishings and telephone system purchases.

g) Interest earned on advances

Interest earned on advances to participation deposit holders, to segregated funds or to the Individual Fund is subtracted from interest on demand and term deposits.

h) Foreign currency

Current assets and liabilities in foreign currencies are expressed in terms of Canadian dollars at the exchange rate in effect on the date of the balance sheet. Investments are converted according to the exchange rate in effect at the time of the transaction or according to the value set under terms of the contract. Revenue is expressed at the average exchange rate for the fiscal year.

i) Administrative expenditure

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 - REALIZATION VALUE OF INVESTMENTS

The realization value of investments at December 31st details as follows:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Portfolios:		
Bonds	7 452 671	5 286 413
Shares and convertible securities	1 589 610	1 371 419
Mortgages and real estate financing	353 488	343 401
Real estate investments	190 579	57 543
Short-term securities	1 170 368	492 950
	<u>10 756 716</u>	<u>7 551 726</u>

3 - DEPOSITS

Amounts the Caisse de dépôt receives have been entrusted to it in the form of demand, term or participation deposits, at the option of the depositor. Demand and term deposits represent indebtedness of the Caisse de dépôt toward depositors and as such bear interest.

Demand and term deposits in the General Fund include the deposits of the segregated funds and the Individual Fund, broken down in this manner at December 31st:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Individual Fund	149 959	104 621
Segregated funds:		
Bonds (Fund "O")	77 615	
Government bonds (Fund "G")	5 273	4 315
Shares (Fund "A")	100 951	9 122
Mortgages (Fund "H")	43 068	
	<u>376 866</u>	<u>118 058</u>

4 - DISTRIBUTION OF NET REVENUE

At the end of each quarter, the General Fund's net revenue, after subtracting the transfer to the general reserve, is assigned to participation deposit holders. At the beginning of the next quarter, this revenue is paid into their demand deposit account.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS (cont'd)

5 - PARTICIPATION DEPOSITS

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the General Fund for the holder. The value of a participation deposit is established at the end of each quarter on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as issue or cancellation price at the beginning of the next quarter.

a) Fiscal year flow:

	1982		1981	
	Units	(\$ THOU- SANDS)	Units	(\$ THOU- SANDS)
Balance at the beginning	10 539 302	8 651 502	8 982 303	7 545 443
Issued	1 954 156	1 273 571	1 556 999	1 106 059
Balance at year-end	12 493 458	9 925 073	10 539 302	8 651 502

b) Realization value at December 31st:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Net equity of the Fund according to balance sheet	10 198 575	8 893 333
Less:		
Investments balance sheet realization value (Note 3)	10 959 184	9 343 062
	10 756 716	7 551 726
	202 468	1 791 336
Total realization value	9 996 107	7 101 997
Unit realization value	800	674

6 - GENERAL RESERVE

The general reserve consists of capital gains and losses from the sale of securities and the spread between the book value and the market realization value of cancelled units of participation deposits.

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Balance at the beginning	241 831	201 476
Transfer from statement of revenue and expenditure	31 671	40 355
Balance at year-end	273 502	241 831

7 - ADMINISTRATIVE EXPENDITURE

Administrative expenditure for the year ended December 31st was assigned as follows:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Individual Fund	856	640
Segregated funds		
Bonds (Fund "O")	921	727
Government bonds (Fund "G")	62	62
Shares (Fund "A")	935	711
Mortgages (Fund "H")	1 756	1 593
Portfolios managed separately	105	116
	4 635	3 849

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND — BONDS (FUND "O")

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund — Bonds (Fund "O") of the Caisse de dépôt et placement du Québec as at December 31, 1982 and the statement of income and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the Segregated Fund — Bonds (Fund "O") were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial position of the Fund at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 4, 1983.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND – BONDS (FUND "O")

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Investments (Note 2)		
Bonds	1 679 532	1 369 505
Demand deposits in the General Fund	77 615	
	1 757 147	1 369 505
Accrued interest	47 875	36 202
	<u>1 805 022</u>	<u>1 405 707</u>
LIABILITIES		
Revenue payable to depositors	19 455	14 588
Advances from the General Fund		1 760
Transactions under settlement	281	2 424
	<u>19 736</u>	<u>18 772</u>
PARTICIPATION DEPOSIT HOLDERS' EQUITY (Note 6)		
Participation deposits (Note 4)	1 625 176	1 232 847
Accumulated revenue at December 31, 1979	183 248	183 248
General Reserve (Note 5)	(23 138)	(29 160)
	<u>1 785 286</u>	<u>1 386 935</u>
	<u>1 805 022</u>	<u>1 405 707</u>

ON BEHALF ON THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SEGREGATED FUND — BONDS (FUND "O")

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981
REVENUE		
Investment income		
Interest on bonds	194 788	144 018
Interest on General Fund deposits — net	9 649	6 837
	204 437	150 855
Profit and loss on the sale of securities	6 022	(16 771)
	210 459	134 084
EXPENDITURE		
Administrative expenditure	921	727
Net revenue for the year	209 538	133 357
Transfer to the general reserve of profit or loss on the sale of securities (Note 5)	(6 022)	16 771
Revenue assigned to participation deposit holders (Note 3)	203 516	150 128

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SEGREGATED FUND – BONDS (FUND "O")

NOTES TO FINANCIAL STATEMENTS

1 – MAIN ACCOUNTING POLICIES

The financial statements of the Segregated Fund – Bonds (Fund "O") were prepared by management according to the accrual method, within the framework and bounds of accounting practice outlined as follows:

a) Investments

Bond investments are recorded at amortized cost price.

b) Recording of transactions

The purchase and sale of securities is recorded at their settlement date.

c) Administrative expenditure

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 – REALIZATION VALUE OF INVESTMENTS

At December 31, 1982, the realization value of investments was \$1 816 315 000 (\$1 120 219 000 in 1981).

3 – DISTRIBUTION OF NET REVENUE

At the end of each month, the Fund's net revenue, after subtracting the transfer to the general reserve, is assigned to participation deposit holders. At the beginning of the next month, this revenue is paid to their demand deposit account.

4 – PARTICIPATION DEPOSITS

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the Fund for the holder. The value of a participation deposit is established at the end of each month on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as issue or cancellation price at the beginning of the next month.

a) Fiscal year flow:

	1982		1981	
	Units	(\$ THOUSANDS)	Units	(\$ THOUSANDS)
Balance at the beginning	692 093	1 232 847	489 210	887 603
Issued	232 919	392 329	202 883	345 244
Balance at year-end	925 012	1 625 176	692 093	1 232 847

b) Realization value at December 31st:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Net equity of the Fund according to balance sheet	1 785 286	1 386 935
Less:		
Investments		
balance sheet	1 816 315	1 120 219
realization value (Note 2)	1 757 147	1 369 505
	59 168	(249 286)
Total realization value	1 844 454	1 137 649
Dollar value of one unit	1 994	1 644

5 – GENERAL RESERVE

The general reserve consists of capital gains and losses from the sale of securities since January 1, 1980 and the spread between the book value and realization value of participation deposit units cancelled since creation of the Fund. To December 31, 1979, annual net revenue was retained as earnings in the Fund's equity.

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Beginning (debit) balance	(29 160)	(12 389)
Transfer from revenue and expenditure	6 022	(16 771)
Balance (debit) at year-end	(23 138)	(29 160)

6 – TRANSFER OF THE ASSETS OF A SEGREGATED FUND DEPOSITOR TO AN INDIVIDUAL FUND

Amendments made to the regulations governing the Caisse de dépôt, approved by the Government on December 21, 1982, now allow for the transfer of assets of a segregated fund depositor to an individual fund.

The Caisse de dépôt projects that participation depositors' equity equivalent to Fund assets will be transferred as of January 1, 1983 to an individual fund that will be set up for each depositor.

Such transfer will allow for the assignment to Fund depositors of earnings accumulated to December 31, 1979 and of the general reserve to the date of transfer and will put and end to the operations of the Segregated Fund – Bonds (Fund "O").

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND — GOVERNMENT BONDS (FUND "G")

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund — Government Bonds (Fund "G") of the Caisse de dépôt et placement du Québec as at December 31, 1982 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the Segregated Fund — Government Bonds (Fund "G") were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial position of the Fund at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 4, 1983.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND — GOVERNMENT BONDS (FUND "G")

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Investments (Note 2)		
Bonds	102 657	103 898
Demand deposits in the General Fund	5 273	4 315
	107 930	108 213
Accrued interest	2 992	3 037
	<u>110 922</u>	<u>111 250</u>
LIABILITIES		
Revenue payable to depositor (Note 3)	920	939
PARTICIPATION DEPOSIT HOLDERS' EQUITY (Note 6)		
Participation deposits (Note 4)	86 116	86 116
Revenue accumulated to December 31, 1979	25 293	25 293
General reserve (Note 5)	(1 407)	(1 098)
	<u>110 002</u>	<u>110 311</u>
	<u>110 922</u>	<u>111 250</u>

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC**SEGREGATED FUND – GOVERNMENT BONDS (FUND "G")**

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1982
(\$ THOUSANDS)

	1982	1981
REVENUE		
Investment income		
Interest on bonds	10 408	10 628
Interest on deposits in the General Fund – net	696	620
Profit and loss on the sale of securities	(309)	(786)
	<u>10 795</u>	<u>10 462</u>
EXPENDITURE		
Administrative expenditure	62	62
Net revenue	<u>10 733</u>	<u>10 400</u>
Transfer to the general reserve of profit or loss on the sale of securities (Note 5)	309	786
Revenue assigned to participation deposit holder (Note 3)	<u><u>11 042</u></u>	<u><u>11 186</u></u>

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SEGREGATED FUND – GOVERNMENT BONDS (FUND "G")

NOTES TO FINANCIAL STATEMENTS

1 – MAIN ACCOUNTING POLICIES

The financial statements of the Segregated Fund – Government Bonds (Fund "G") were prepared by management according to the accrual method, within the framework and bounds of accounting practice outlined as follows:

a) Investments

Bond investments are recorded at amortized cost price.

b) Recording of transactions

The purchase and sale of securities is recorded at their settlement date.

c) Administrative expenditure

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 – REALIZATION VALUE OF INVESTMENTS

At December 31, 1982, the realization value of investments was \$96 009 000 (\$75 452 000 in 1981).

3 – DISTRIBUTION OF NET REVENUE

At the end of each month, the Fund's net revenue, after subtracting the transfer to the general reserve, is assigned to the participation deposit holder. At the beginning of the next month, this revenue is paid to the depositor's demand deposit account.

4 – PARTICIPATION DEPOSITS

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the Fund for the holder. The value of a participation deposit is established at the end of each month on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as issue or cancellation price at the beginning of the next month.

a) Fiscal year flow:

	1982		1981	
	Units	(\$ THOUSANDS)	Units	(\$ THOUSANDS)
Balance at the beginning and at year-end	84 816	86 116	84 816	86 116

b) Realization value at December 31st:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Net equity of the Fund according to balance sheet	110 002	110 311
Less:		
Investments balance sheet realization value (Note 2)	107 930	108 213
	96 009	75 452
	11 921	32 761
Total realization value	98 081	77 550
Unit realization value (in dollars)	1 156	914

5 – GENERAL RESERVE

The general reserve consists of capital gains and losses from the sale of securities since January 1, 1980 and the spread between the book value and realization value of participation deposit units cancelled since creation of the Fund. To December 31, 1979, annual net revenue was retained as earnings in the Fund's equity.

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Beginning (debit) balance	(1 098)	(312)
Transfer from revenue and expenditure	(309)	(786)
Balance (debit) at year-end	(1 407)	(1 098)

6 – TRANSFER OF THE ASSETS OF A SEGREGATED FUND DEPOSITOR TO AN INDIVIDUAL FUND

Amendments made to the regulations governing the Caisse de dépôt, approved by the Government on December 21, 1982, now allow for the transfer of assets of a segregated fund depositor to an individual fund.

The Caisse de dépôt projects that participation depositors' equity equivalent to Fund assets will be transferred as of January 1, 1983 to an individual fund that will be set up for each depositor.

Such transfer will allow for the assignment to Fund depositors of earnings accumulated to December 31, 1979 and of the general reserve to the date of transfer and will put an end to the operations of the Segregated Fund – Government Bonds (Fund "G").

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND – SHARES (FUND "A")

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund – Shares (Fund "A") of the Caisse de dépôt et placement du Québec as at December 31, 1982 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the Segregated Fund – Shares (Fund "A") were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial position of the Fund at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 4, 1983.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND – SHARES (FUND "A")**BALANCE SHEET**

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Investments (Note 2)		
Shares and convertible securities	1 121 381	961 961
Demand deposits in the General Fund	100 951	9 122
	1 222 332	971 083
Investment income, accrued and receivable	7 733	7 883
	<u>1 230 065</u>	<u>978 966</u>
LIABILITIES		
Revenue payable to depositors (Note 3)	8 005	8 320
Transactions under settlement	29	
	<u>8 034</u>	<u>8 320</u>
PARTICIPATION DEPOSIT HOLDERS' EQUITY (Note 6)		
Participation deposits (Note 4)	974 489	745 337
Revenue accumulated to December 31, 1979	129 634	129 634
General reserve (Note 5)	117 908	95 675
	<u>1 222 031</u>	<u>970 646</u>
	<u>1 230 065</u>	<u>978 966</u>

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SEGREGATED FUND — SHARES (FUND "A")

REVENUE AND EXPENDITURE
for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981
REVENUE		
Investment income		
Dividends and interest on convertible securities	53 634	50 773
Interest on deposits in the General Fund — net	6 403	6 494
	60 037	57 267
Profit and loss on the sale of securities	22 233	74 267
	82 270	131 534
EXPENDITURE		
Administrative expenditure	935	711
Net revenue	81 335	130 823
Transfer to the general reserve of profit or loss on the sale of securities (Note 5)	(22 233)	(74 267)
Revenue assigned to participation deposit holders (Note 3)	59 102	56 556

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SEGREGATED FUND – SHARES (FUND "A")

NOTES TO FINANCIAL STATEMENTS

1 – MAIN ACCOUNTING POLICIES

The financial statements of the Segregated Fund – Shares (Fund "A") were prepared by management according to the accrual method, within the framework and bounds of accounting practice outlined as follows:

a) Investments

Investments in shares and convertible securities are recorded at amortized cost price.

b) Recording of transactions

The purchase and sale of securities is recorded at their settlement date.

c) Dividend income

Revenue from dividends is recorded when entered on the shareholder record.

d) Administrative expenditure

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 – REALIZATION VALUE OF INVESTMENTS

At December 31, 1982, the realization value of investments was \$1 306 253 000 (\$971 167 000 in 1981).

3 – DISTRIBUTION OF NET REVENUE

At the end of each month, the Fund's net revenue, after subtracting the transfer to the general reserve, is assigned to participation deposit holders. At the beginning of the next month, this revenue is paid to their demand deposit account.

4 – PARTICIPATION DEPOSITS

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the Fund for the holder. The value of a participation deposit is established at the end of each month on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as issue or cancellation price at the beginning of the next month.

a) Fiscal year flow:

	1982		1981	
	Units	(\$ THOUSANDS)	Units	(\$ THOUSANDS)
Balance at the beginning	399 976	745 337	330 700	557 232
Issued	109 197	229 152	69 268	188 105
Balance at year-end	509 173	974 489	399 976	745 337

b) Realization value at December 31st:

	1982		1981	
	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)
Net equity of the Fund according to balance sheet	1 222 031		970 646	
Less:				
Investments				
realization value (Note 2)	1 306 253		971 167	
balance sheet	1 222 332		971 083	
	83 921		84	
Total realization value	1 305 952		970 730	
Unit realization value (in dollars)	2 565		2 427	

5 – GENERAL RESERVE

The general reserve consists of capital gains and losses from the sale of securities since January 1, 1980 and the spread between the book value and realization value of participation deposit units cancelled since creation of the Fund. To December 31, 1979, annual net revenue was retained as earnings in the Fund's equity.

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Beginning balance	95 675	21 408
Transfer from revenue and expenditure	22 233	74 267
Balance at year-end	117 908	95 675

6 – TRANSFER OF THE ASSETS OF A SEGREGATED FUND DEPOSITOR TO AN INDIVIDUAL FUND

Amendments made to the regulations governing the Caisse de dépôt, approved by the Government on December 21, 1982, now allow for the transfer of assets of a segregated fund depositor to an individual fund.

The Caisse de dépôt projects that participation depositors' equity equivalent to Fund assets will be transferred as of January 1, 1983 to an individual fund that will be set up for each depositor.

Such transfer will allow for the assignment to Fund depositors of earnings accumulated to December 31, 1979 and of the general reserve to the date of transfer and will put an end to the operations of the Segregated Fund – Shares (Fund "A").

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND — MORTGAGES (FUND "H")

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund — Mortgages (Fund "H") of the Caisse de dépôt et placement du Québec as at December 31, 1982 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the Segregated Fund — Mortgages (Fund "H") were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial position of the Fund at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 4, 1983.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

SEGREGATED FUND – MORTGAGES (FUND "H")**BALANCE SHEET**

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Investments (Note 2)		
Portfolios:		
Mortgages	617 668	615 704
Real estate investments (Note 3)	243	311
	617 911	616 015
Demand deposits in the General Fund	43 068	
	660 979	616 015
Accrued interest	11 029	10 429
	672 008	626 444
LIABILITIES		
Revenue payable to depositors (Note 4)	6 647	16 143
Advances from the General Fund		27 516
Other	5 310	5 984
	11 957	49 643
PARTICIPATION DEPOSIT HOLDERS' EQUITY (Note 7)		
Participation deposits (Note 5)	530 196	447 020
Revenue accumulated to December 31, 1979	129 482	129 482
General reserve (Note 6)	373	299
	660 051	576 801
	672 008	626 444

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC**SEGREGATED FUND – MORTGAGES (FUND "H")****REVENUE AND EXPENDITURE**

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981
REVENUE		
Investment income		
Interest on mortgage financing	75 659	65 279
Interest on deposits in the General Fund – net	1 243	(2 029)
	76 902	63 250
Other revenue	26	14
	76 928	63 264
Profit and loss on the sale of securities	74	606
	77 002	63 870
EXPENDITURE		
Administrative expenditure	1 756	1 593
Net revenue	75 246	62 277
Transfer to the general reserve of profit or loss on the sale of securities (Note 6)	(74)	(606)
Revenue assigned to participation deposit holders (Note 4)	75 172	61 671

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SEGREGATED FUND – MORTGAGES (FUND "H")

NOTES TO FINANCIAL STATEMENTS

1 - MAIN ACCOUNTING POLICIES

The financial statements of the Segregated Fund – Shares (Fund "A") were prepared by management according to the accrual method, within the framework and bounds of accounting practice outlined as follows:

a) Investments

Investments in shares and convertible securities are recorded at amortized cost price.

b) Recording of transactions

The purchase and sale of securities is recorded at their settlement date.

c) Dividend income

Revenue from dividends is recorded when entered on the shareholder record.

d) Administrative expenditure

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 - REALIZATION VALUE OF INVESTMENTS

At December 31, 1982, the realization value of investments was as follows:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Portfolios:		
Mortgages	607 857	533 825
Real estate investments	202	354
	<u>608 059</u>	<u>534 179</u>
Demand deposits in the General Fund	43 068	
	<u>651 127</u>	<u>534 179</u>

3 - REAL ESTATE INVESTMENTS

This item represents the net balance of mortgage financing secured by residential buildings repossessed by the Caisse de dépôt following borrowers' default.

4 - DISTRIBUTION OF NET REVENUE

At the end of each month, the Fund's net revenue, after subtracting the transfer to the general reserve, is assigned to participation deposit holders. At the beginning of the next month, this revenue is paid to their demand deposit account.

5 - PARTICIPATION DEPOSITS

Participation deposits are recorded in units and each one represents a proportionate share in the net equity and revenue of the Fund for the holder. The value of a participation deposit is established at the end of each month on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value is used as issue or cancellation price at the beginning of the next month.

a) Fiscal year flow:

	1982	1981
	Units	Units
Balance at the beginning	268 390	240 233
Issued	45 326	28 157
Balance at year-end	<u>313 716</u>	<u>268 390</u>

b) Realization value at December 31st:

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Net equity of the Fund according to balance sheet	660 051	576 801
Less:		
Investments balance sheet realization value (Note 2)	660 979	616 015
	<u>651 127</u>	<u>534 179</u>
	<u>9 852</u>	<u>81 836</u>
Total realization value	<u>650 199</u>	<u>494 965</u>
Unit realization value (in dollars)	<u>2 073</u>	<u>1 844</u>

6 - GENERAL RESERVE

The general reserve consists of capital gains and losses from the sale of securities since January 1, 1980 and the spread between the book value and realization value of participation deposit units cancelled since creation of the Fund. To December 31, 1979, annual net revenue was retained as earnings in the Fund's equity.

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Beginning (debit) balance	299	(307)
Transfer from revenue and expenditure	74	606
Balance at year-end	<u>373</u>	<u>299</u>

7 - TRANSFER OF THE ASSETS OF A SEGREGATED FUND DEPOSITOR TO AN INDIVIDUAL FUND

Amendments made to the regulations governing the Caisse de dépôt, approved by the Government on December 21, 1982, now allow for the transfer of assets of a segregated fund depositor to an individual fund.

The Caisse de dépôt projects that participation depositors' equity equivalent to Fund assets will be transferred as of January 1, 1983 to an individual fund that will be set up for each depositor.

Such transfer will allow for the assignment to Fund depositors of earnings accumulated to December 31, 1979 and of the general reserve to the date of transfer and will put an end to the operations of the Segregated Fund – Mortgages (Fund "H").

CAISSE DE DÉPÔT ET DE PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND

AUDITOR'S REPORT

I have examined the balance sheet of the Individual Fund of the Caisse de dépôt et placement du Québec as at December 31, 1982 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the investments and transactions of the Individual Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these statements accurately present the financial position of the Fund at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 4, 1983.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

R.S.Q., c. C-2

INDIVIDUAL FUND

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Investments (Note 2)		
Portfolios:		
Bonds	975 875	930 136
Shares and convertible securities	253 025	131 480
Mortgages	58 269	29 015
	1 287 169	1 090 631
Demand deposits in the General Fund	149 959	104 621
	1 437 128	1 195 252
Investment income accrued and receivable	29 189	26 802
	1 466 317	1 222 054
LIABILITIES		
Revenue payable to depositor (Note 4)	28 558	133 884
Other	172	8 150
	28 730	142 034
PARTICIPATION DEPOSIT HOLDERS' EQUITY		
Participation deposits (Note 3)	1 437 587	1 093 795
General reserve (Note 5)		(13 775)
	1 437 587	1 080 020
	1 466 317	1 222 054

ON BEHALF OF THE BOARD OF DIRECTORS

Jean CAMPEAU
Claude LEGAULT

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND

REVENUE AND EXPENDITURE

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981
REVENUE		
Investment income		
Interest on bonds	107 006	104 504
Dividends and interest on convertible securities	11 191	4 222
Interest on mortgage financing	8 148	1 092
Interest on deposits in the General Fund — net	11 907	8 735
	138 252	118 553
Other revenue		10
	138 252	118 563
Profit and loss on the sale of securities	3 888	(10 276)
	142 140	108 287
EXPENDITURE		
Administrative expenditure	856	640
Net revenue	141 284	107 647
Transfer to the general reserve of profit or loss on the sale of securities (Note 5)	84	10 276
Revenue assigned to participation deposit holder	141 368	117 923

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

INDIVIDUAL FUND

NOTES TO FINANCIAL STATEMENT

1 - MAIN ACCOUNTING POLICIES

The financial statements of the Individual Fund were prepared by management according to the accrual method, within the framework and bounds of accounting practice outlined as follows:

a) Investments

Investments in shares and convertible securities as well as mortgage are recorded at cost. Bonds are recorded at amortized cost price.

b) Recording of transactions

The purchase and sale of securities is recorded at their settlement date.

c) Dividend income

Revenue from dividends is recorded when entered on the shareholder record.

d) Administrative expenditure

Administrative expenditures are made by the General Fund and assigned to the various funds and portfolios according to the weighted assets of each.

2 - REALIZATION VALUE OF INVESTMENTS

At December 31, 1982, the realization value of investments was as follows:

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Portfolios:		
Bonds	914 750	680 217
Shares and convertible securities	280 394	113 938
Mortgages	63 204	30 005
	<u>1 258 348</u>	<u>824 160</u>
Demand deposits in the General Fund	149 959	104 621
	<u>1 408 307</u>	<u>928 781</u>

3 - PARTICIPATION DEPOSITS

Participation deposits are held by the Commission de la santé et de la sécurité du travail.

To October 31, 1982, participation deposits were recorded in units, each one representing a proportionate share in the net equity and revenue of the Fund for the holder. The value of a participation deposit was established at the end of each month on the basis of the realization value of the Fund's net equity, divided by the number of outstanding units at that time; this value was used as issue or cancellation price at the beginning of the next month.

Since November 1, 1982, participation deposits are expressed in units with a par value of \$1 000. At the end of each quarter, the Fund's net revenue is paid to the depositor. This may take the form of issuing further units. When a unit is withdrawn, the amount paid to the depositor equals the par value and the gain or loss realized upon conversion of securities for purposes of the withdrawal.

a) Fiscal year flow:

	1982		1981	
	Units	(\$ THOUSANDS)	Units	(\$ THOUSANDS)
Balance at the beginning	1 087 614	1 093 795	761 585	839 760
Issued	321 138	256 769	326 029	254 035
	<u>1 408 752</u>	<u>1 350 564</u>	<u>1 087 614</u>	<u>1 093 795</u>
Units issued in settlement of revenue payable*	87 023	87 023		
Conversion of units**	(58 188)			
Balance at year-end	<u>1 437 587</u>	<u>1 437 587</u>	<u>1 087 614</u>	<u>1 093 795</u>

* At December 31, 1982 \$100 882 000 representing revenue payable to the depositor for fiscal 1978 and 1979, less an amount of \$13 859 000 equal to the general reserve of the Fund at October 31, 1982, was paid to the depositor's account in the form of participation deposit units at \$1 000 par value.

** Conversion of units held on December 31, 1982 into units with a par value of \$1 000.

b) Realization value at December 31st:

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Net equity of the Fund according to balance sheet	1 437 587	1 080 020
Revenue payable (Note 3a)	<u>100 882</u>	<u>100 882</u>
	<u>1 437 587</u>	<u>1 180 902</u>
Less:		
Investments balance sheet realization value (Note 2)	1 437 128	1 195 252
	<u>1 408 307</u>	<u>928 781</u>
	28 821	266 471
Total realization value	<u>1 408 766</u>	<u>914 431</u>
Realization value of one unit (in dollars)	<u>980</u>	<u>* 774</u>

* Unit value adjusted for comparison purposes.

4 - DISTRIBUTION OF NET REVENUE

The Fund's net revenue is paid to the depositor at the end of each quarter. At December 31, 1982, net revenue payable to the depositor consists of that assigned during the months of November and December, which was paid to the depositor on January 1, 1983.

5 - GENERAL RESERVE

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Beginning (debit) balance	(13 775)	(3 499)
Transfer from revenue and expenditure	(84)	(10 276)
Transfer to revenue payable*	13 859	
Balance at year-end	<u>-</u>	<u>(13 775)</u>

* At December 31, 1982, the general reserve balance consisting of capital gains and losses from the sale of securities since January 1, 1980 was applied against the amount payable to the depositor.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

R.S.Q., c. C-8 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Centre de recherche industrielle du Québec at March 31, 1983 as well as the statement of revenue and expenditure and that of equity for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Centre at March 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, May 20, 1983.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

R.S.Q., c. C-8 and amendments

BALANCE SHEET

as at March 31, 1983

	<u>1983</u>	<u>1982</u>
ASSETS		
CURRENT ASSETS		
Cash and term deposits	3 047 280 \$	
Accounts receivable and accrued interest	1 266 341	1 705 791 \$
Contract projects to invoice	404 947	292 663
Inventories — at cost	122 726	136 806
Prepaid expenses	151 242	115 060
	<u>4 992 536</u>	<u>2 250 320</u>
FIXED ASSETS — AT COST ¹	<u>13 098 962</u>	<u>11 870 858</u>
TOTAL ASSETS	<u><u>18 091 498 \$</u></u>	<u><u>14 121 178 \$</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		417 117 \$
Accounts payable and accrued charges	1 465 783 \$	1 050 202
Deposits and advances:		
on contract projects	156 280	265 296
other	115 107	305 000
TOTAL LIABILITIES	<u>1 737 170</u>	<u>2 037 615</u>
EQUITY	<u>16 354 328</u>	<u>12 083 563</u>
	<u><u>18 091 498 \$</u></u>	<u><u>14 121 178 \$</u></u>

¹ See Note 3.

ON BEHALF OF THE BOARD OF DIRECTORS

Conrad JOHNSON
Jean-Pierre NEPVEU

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

EQUITY

for the fiscal year ended March 31, 1983

	1983	1982
BALANCE AT THE BEGINNING	12 083 563 \$	12 617 609 \$
Surplus revenue over expenditure	3 042 661	(950 057)
Acquisition of fixed assets recorded during the year	1 231 129	542 666
Disposal of fixed assets written off during the year	(3 025)	(126 655)
BALANCE AT YEAR-END	16 354 328 \$	12 083 563 \$
Represented by:		
Funds available for current operations	3 255 366 \$	212 705 \$
Investments in fixed assets	13 098 962	11 870 858
TOTAL	16 354 328 \$	12 083 563 \$

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1983

	1983	1982 ¹
EXPENDITURE²		
General management	140 195 \$	189 803 \$
General secretariat and administrative services	2 812 597	2 452 954
Information and technological transfer	2 142 416	1 900 698
Commercialization	1 197 218	1 152 433
Research and development ³	7 890 204	7 770 299
Total	14 182 630	13 466 187
Acquisition of fixed assets	1 231 129	542 666
Proceeds upon disposal of fixed assets	(638)	(87 646)
TOTAL EXPENDITURE	15 413 121	13 921 207
REVENUE		
Projects under contract	4 424 655	4 818 447
Interest on bank deposits	743 567	419 444
Other	287 560	233 259
TOTAL REVENUE	5 455 782	5 471 150
SURPLUS EXPENDITURE OVER REVENUE	9 957 339	8 450 057
GOUVERNEMENT DU QUÉBEC CONTRIBUTION	13 000 000	7 500 000
SURPLUS CONTRIBUTION AND REVENUE OVER EXPENDITURE	3 042 661 \$	(950 057) \$

¹ See Note 7.² See Note 6.³ See Note 5.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1983

1 - CONSTITUTION AND PURPOSE

Constituted under a special Act, the Centre de recherche industrielle du Québec is a corporation within the meaning of the Civil Code charged with carrying on applied science research, developing processes and products for industry, as well as gathering and disseminating technological and industrial information.

2 - ACCOUNTING POLICIES

The financial statements presented make use of the accrual method, taking into consideration the following particular practices:

Fixed assets

The acquisition of fixed assets is charged to operating expenses; nonetheless, these items appear under assets and equity at their cost price and are not amortized.

Projects under contract

Projects under contracts are recorded at the lesser of costs incurred and that recovered according to the terms of agreements.

3 - FIXED ASSETS

	1983	1982
Land and buildings	6 786 621 \$	6 534 740 \$
Laboratory equipment	5 368 589	4 500 701
Office furniture	703 850	631 024
Laboratory furniture	93 545	92 357
Audio-visual equipment	106 770	91 865
Rolling-stock	39 607	20 171
Total fixed assets	<u>13 098 962 \$</u>	<u>11 870 858 \$</u>

4 - GOUVERNEMENT DU QUÉBEC CONTRIBUTION

The Act amending the Act respecting the Centre de recherche industrielle du Québec, given assent on March 31, 1982, authorizes the Minister of Finance to pay the Centre a total of \$85 000 000 over the period April 1, 1982 to March 31, 1987 in one or more instalments under terms set by the Government. Payment for fiscal 1983-1984 cannot be less than \$14 300 000 and for each subsequent year must be at least equal to that paid during the preceding one, indexed at the rate of 10%, until the total allotment of \$85 million has been paid out, \$13 000 000 of which was paid in fiscal 1982-1983.

5 - RESEARCH AND DEVELOPMENT

	1983	1982
Mechanics	1 953 106 \$	2 139 975 \$
Materials and industrial processes	1 961 142	1 868 035
Electronics	1 718 509	1 888 793
Production engineering	2 257 447	1 873 496
Total	<u>7 890 204 \$</u>	<u>7 770 299 \$</u>

6 - EXPENDITURES BY CATEGORY

	1983	1982
Wages, salaries and fringe benefits	10 158 296 \$	9 438 216 \$
Other employment expenses	149 941	165 811
Travel	380 595	346 394
Stationery and office supplies	367 097	310 957
Equipment rental and maintenance	113 470	78 686
Laboratory supplies	752 436	1 081 567
Service of location	650 990	658 691
Building use	1 278 314	1 247 656
Sundry	36 899	45 556
Bad debts	294 592	92 653
Total	<u>14 182 630 \$</u>	<u>13 466 187 \$</u>

7 - COMPARATIVE FIGURES

Certain data from the 1982 statement of revenue and expenditure have been reclassified for purposes of the 1983 presentation.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN**AUDITOR'S REPORT**

I have examined the statement of net disposable assets of the Government and Public Employees Retirement Plan at December 31, 1982 and the statement of change in net disposable assets for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the net disposable assets of the Plan at December 31, 1982 as well as the change in net disposable assets for the fiscal year then ended, according to widely accepted accounting policies applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, April 20, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

ACTUARIAL CERTIFICATE

concerning commitments of the Government and Public Employees Retirement Plan

I certify that the actuarial liabilities of the Plan, to which the first paragraph of Note 5 to the financial statements refers, are a sufficient provision to cover contractual commitments with respect to current pension payments, pensions to become payable as well as those already earned by participants who are still working.

Such obligations, arising from the actuarial valuation at December 31, 1978 conducted in conformity with section 138 of the Act respecting the Government and Public Employees Retirement Plan (R.S.Q., c. R-10), amount to \$1 818 754 000 on that date. In my opinion, those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud LONGCHAMPS,
F.S.A., F.I.C.A.

Québec, April 12, 1983

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN**NET DISPOSABLE ASSETS**

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	2 657 135	2 088 574
Deposits with the Bureau général des dépôts of the ministère des Finances	4 553	2 357
Funds of certain supplemental pension plans, in process of transfer	1 187	1 248
Employer contributions receivable from the Government and accrued interest (Note 4)	3 243 872	2 569 894
Employer contributions receivable from public agencies	35 784	35 502
Amounts receivable — transfers and purchase of years of service	3 950	5 610
	<u>5 946 481</u>	<u>4 703 185</u>
LIABILITIES		
Management fees, pensions, contribution refunds and transfers payable	5 154	4 983
Funds received from a supplemental pension plan not yet integrated	3 427	3 419
Employer contributions in advance		2 284
Excess contributions to be reimbursed	6 703	6 179
	<u>15 284</u>	<u>16 865</u>
NET DISPOSABLE ASSETS (Note 5)	<u>5 931 197</u>	<u>4 686 320</u>
	<u>5 946 481</u>	<u>4 703 185</u>

The accompanying notes are an integral part
of the financial statements

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN**CHANGE IN NET DISPOSABLE ASSETS**

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981
INCREASES		
Employee contributions (including transfers and purchases of years of service)	327 315	294 265
Transfer of certain supplemental pension plans' funds in return for pension credits, section 92	46	520
Gouvernement du Québec participation		
Employer contributions	378 514	396 605
Interest	321 859	276 269
Pensions, contribution refunds and transfer of prior service upon entry into the Plan	6 558	5 168
Contributions of other employers	16 008	11 186
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)	257 923	227 017
Other interest income	984	1 302
	1 309 207	1 212 332
DECREASES		
Payments to participants:		
General Plan		
Pensions and life annuities	19 610	14 231
Contribution refunds	41 956	38 007
Contribution transfers, including interest	734	515
Integrated supplemental pension plans		
Life annuities	1 561	1 453
Contribution refunds	396	319
Contribution transfers, including interest	73	36
	64 330	54 561
NET INCREASE FOR THE YEAR	1 244 877	1 157 771
NET DISPOSABLE ASSETS AT THE BEGINNING	4 686 320	3 528 549
NET DISPOSABLE ASSETS AT YEAR-END	5 931 197	4 686 320

The accompanying notes are an integral part of the financial statements.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

1 - THE PLAN

General

The Government and Public Employees Retirement Plan, governed by chapter R-10 of the Revised Statutes of Québec and amendments, is a partially-determined pension plan providing guaranteed payments in the event of death or retirement. It also allows for contribution refunds with interest, under certain conditions.

Participation

Since July 1, 1973, employees of the Government and eligible public agencies who do not participate in any other pension plan must join the Plan. The following employees may also take part:

- all public servants governed by the Civil Service Act as well as any employee filling a position to which the Civil Service Superannuation Plan applies;

- in the social affairs sector, employees of public and private establishments within the meaning of the Act respecting health services and social services;

- in the education sector, employees of school boards within the meaning of the Education Act, employees of cégeps and of private educational institutions declared to be of public interest or recognized as eligible for purposes of subsidies under the Act respecting private education;

- employees of any other agency to which the Plan is made applicable either by an Act or by the Government.

Beginning July 1, 1982, an employee's contribution was reduced from 7.5% to 7.1% of pensionable earnings. As of that date, the employer's contribution was set at an amount equal to the employee's, having been 140% previously.

Guarantees

Compulsory retirement age is 65. An employee whose age and years of service total 90 is entitled to a pension regardless; however, if the employee retires before age 60, the amount of the pension is reduced by 1/2% for each month between the date of retirement and the employee's sixtieth birthday, or if retirement occurs between age 60 and 65, the pension is reduced by 1/2% for each month between the date it is granted and closest date when it would have been awarded, either compulsory retirement age or on the date when the person's age and years of service total 90.

The amount of the pension is set at 2% of earnings for each year of service to a maximum of 70%; it is calculated on the basis of an employee's average pensionable earnings for the five highest years and coordinated with that of the Québec Pension Plan. The Government and Public Employees Retirement Plan provides for indexing pensions on January first of each year at a rate determined by the Régie des rentes du Québec. This rate of indexation applies to service before July 1, 1982 and is reduced by 3% for service after that date. Upon the death of a pensioner or an employee eligible for a pension, the spouse is entitled to half the amount of the pension.

If an employee dies before becoming eligible for a pension, the Commission refunds his or her pension contributions and accrued interest to the heirs. A deferred pension may be awarded an employee who leaves after at least two (2) years of service. Payment of a deferred pension may not begin before the pensioner reaches age 65. An employee eligible for a deferred pension is entitled to receive an amount up to 25% of the current value of that pension providing he or she has at least ten (10) years' service and reached age 45 at the time employment ceased, with the remainder of the pension adjusted to take the sum paid into consideration.

An employee who is either ineligible for a deferred pension or chooses not to take it may request a refund of contributions paid and part of accrued interest.

An employee who becomes disabled is exempt from making pension contributions usually for a period of two years from the time regularly salary stops. If the employee is still disabled after the two-year period, he or she is entitled to a pension or the benefit payment following cessation of employment.

Bill 93, which was given assent on December 16, 1982, amended provisions of the Act respecting the Government and Public Employees Retirement Plan that apply to retirement age and abolished the compulsory retirement age. These amendments come into force as of January 1, 1983.

Financing

Employee contributions must cover 5/12 of the total Plan cost, with the Government and other employers responsible for the balance.

Beginning July 1, 1982, employee contributions must cover half the total cost of the Plan for service credited after this date, with employers making up the remainder.

2 - ACCOUNTING POLICIES

The financial statements of the Government and Public Employees Retirement Plan were prepared by management according to generally recognized accounting principles. In the opinion of management, these statements were properly drawn up within the framework of accounting practice summarized as follows:

- Financial operations relating to the pension plan's net disposable assets are recorded on the accrual basis.

- Participation deposits in segregated funds of the Caisse de dépôt et placement du Québec are recorded at cost plus the part of investment earnings assigned to them but not yet paid by the Caisse.

- Employee contributions held by agents at December 31 and turned over to the Commission during the subsequent fiscal year are included in that year's totals.

- Employer contributions receivable from the Government and accrued interest are equal to 140% of employee contributions for the period July 1, 1973 through June 30, 1982 and 100% beginning July 1, 1982, except for those of employees of agencies covered by section 120 of the Act governing the Plan, plus interest accrued on these contributions, less contributions already paid by the Government.

- Interest at the annual rate of 6% on any unpaid employee contributions toward pension credits for prior service is recorded when received.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (cont'd)

3 - FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET DE PLACEMENT DU QUÉBEC
(\$ THOUSANDS)

	1982				1981
	Employees' funds	Employers' funds	SPP* funds	Total	Total
Participation deposits in segregated funds:					
— bonds Fund "O"	1 237 545 \$	43 007 \$	35 917 \$	1 316 469 \$	976 945 \$
units	656 895	24 105	18 043	699 043	499 557
(realization value, 1982: \$1 393 877; 1981: \$821 162)					
— Government bonds Fund "G"	54 834 \$	46 122 \$	9 359 \$	110 315 \$	110 623 \$
units	42 212	35 416	7 188	84 816	84 816
(realization value, 1982: \$98 081; 1981: \$77 581)					
— shares Fund "A"	880 718 \$	32 139 \$	36 610 \$	949 467 \$	742 490 \$
units	369 630	12 126	13 539	395 295	304 714
(realization value, 1982: \$1 013 872; 1981: \$739 532)					
— mortgages Fund "H"	189 949 \$	6 151 \$	14 833 \$	210 933 \$	173 644 \$
units	92 421	2 772	7 033	102 226	81 718
(realization value, 1982: \$211 871; 1981: \$150 705)					
Total book value	2 363 046 \$	127 419 \$	96 719 \$	2 587 184 \$	2 003 702 \$
Deposits in the General Fund					
demand	36 481	985	1 607	39 073	36 311
term					
accrued interest	179	11	13	203	538
Separately managed portfolio			6 673	6 673	7 631
(realization value, 1982: \$6 123; 1981: \$6 093)					
Receivable from segregated funds	22 043	1 140	819	24 002	22 723
	<u>2 421 749 \$</u>	<u>129 555 \$</u>	<u>105 831 \$</u>	<u>2 657 135 \$</u>	<u>2 088 574 \$</u>

* supplemental pension plans

4 - EMPLOYER CONTRIBUTIONS RECEIVABLE FROM
THE GOUVERNEMENT DU QUÉBEC AND ACCRUED
INTEREST

At December 31, 1982, the amount of \$3 243 872 000 (\$2 569 894 000 at December 31, 1981) represents commitments of the Government toward the Plan as employer and those it assumed on behalf of other public sector employers, plus related interest accrued to that date. These commitments will be made good under terms set forth in the Act. The item does not include the current value of commitments (\$862 705 000 and \$7 600 000) to which Note 5 refers.

5 - PLAN COMMITMENTS TOWARD PARTICIPATING EMPLOYEES

The actuarial service of the Commission conducted a valuation of the Plan in 1980. According to that valuation, Plan commitments at December 31, 1978 amounted to \$1 818 754 000, calculated according to the "level-premium capitalization" method.

Actuarial commitments of the Plan on that date do not include the current value of obligations related to years of service transferred to the Plan with respect to employees formerly subject to the Teachers Pension Plan or the Civil Service Superannuation Plan. In addition, they do not include the current value of obligations with respect to pension credits awarded some pensioners of the social affairs sector. The value of the aforementioned obligations are estimated by the actuarial service to be \$862 705 000 at December 31, 1982 (\$491 107 000 at December 31, 1978). These obligations are the responsibility of the Government.

Actuarial commitments of the Plan at December 31, 1978 do not include the current value of obligations of the supplemental pension plans, amounting to \$67 286 000 according to the actuarial service; the actuarial deficit of \$7 600 000 at that date with respect to these pension plans is also the responsibility of the Government.

On December 31, 1982, there was another actuarial valuation under way, based on population data at December 31, 1981.

Nevertheless, the actuarial service estimated Plan commitments at December 31, 1982 to be in the order of \$5 870 102 000. In the opinion of the actuarial service, this estimate could be sufficient to cover all pension commitments to December 31, 1982, based on data known at the time the financial statements were prepared.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (cont'd)

6 - REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (\$ THOUSANDS)

	1982			1981	
	Employees' funds	Employers' funds	SPP* funds	Total	Total
Participation deposits in segregated funds:					
— bonds	147 854	4 375	4 237	156 466	92 808
— government bonds	5 342	4 482	910	10 734	10 400
— shares	58 117	1 758	2 259	62 134	99 263
— mortgages	21 742	700	1 765	24 207	18 703
Interest on deposits in the General Fund:					
demand	2 222	317	111	2 650	3 170
term	333	620	14	967	1 862
Revenue from separately managed portfolio			776	776	822
	235 610	12 252	10 072	257 934	227 028
Management and safekeeping charges			11	11	11
	235 610	12 252	10 061	257 923	227 017

* supplemental pension plans

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

AUDITOR'S REPORT

I have examined the statement of receipts and outlays for the fiscal year ended December 31, 1982 by the following:

- the Teachers Pension Plan
- the civil service Superannuation Plan
- the pension plan for members of the Sûreté du Québec
- the pension plan for Members of the Legislature
- the pension plan for judges and coroners
- the retirement and pension plan for judges (1978)
- the pension plan for commissioners of the Commission des valeurs mobilières du Québec
- the retirement protection plan for certain teachers and special pension plans

My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the statements accurately present the receipts and outlays of these plans for the fiscal year ended December 31, 1982, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, April 20, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

ACTUARIAL CERTIFICATE

Concerning commitments of:

- the Teachers Pension Plan
- the Civil Service Superannuation Plan
- the pension plan for members of the Sûreté du Québec
- the pension plan for Members of the Legislature
- the pension plan for judges and coroners
- the retirement and pension plan for judges (1978)
- the pension plan for commissioners of the Commission
des valeurs mobilières du Québec
- the retirement protection plan for certain teachers

I certify that the actuarial reserve of the above plans, to which the first paragraph of Note 3 to the financial statements refers, is sufficient provision to cover contractual commitments with respect to current pension payments, pensions to become payable as well as those already earned by participants who are still working.

Such obligations, arising from the actuarial valuation at December 31, 1978 amount to \$6 947 500 000 on that date. In my opinion, those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud LONGCHAMPS
F.S.A., F.I.C.A.

Québec, April 14, 1983

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

RECEIPTS AND OUTLAYS

for the fiscal year ended December 31, 1982

RECEIPTS

	Contributions Employees		Contributions Employers		Total Receipts (paid to the Consolidated Revenue Fund)	
	1982	1981	1982	1981	1982	1981
Teachers						
Pension Plan	99 302 846 \$	84 719 023 \$	406 484 \$	218 338 \$	99 709 330 \$	84 937 361 \$
Civil Service						
Superannuation Plan	46 835 513	35 148 902	26 802 042	26 271 591	73 637 555	62 420 493
Pension plan for members of the Sûreté du Québec	10 711 200	9 494 380			10 711 200	9 494 380
Pension plan for Members of the Legislature	532 001	484 364			532 001	484 364
Retirement and pension plan for judges (1978)	1 323 668	1 335 720			1 323 668	1 335 720
	<u>158 705 228 \$</u>	<u>132 182 389 \$</u>	<u>27 208 526 \$</u>	<u>26 489 929 \$</u>	<u>185 913 754 \$</u>	<u>158 672 318 \$</u>

OUTLAYS

	Pensions and life annuities paid		Contribution refunds and transfers		Total Outlays (paid from the Consolidated Revenue Fund)	
	1982	1981	1982	1981	1982	1981
Teachers						
Pension Plan	140 360 492 \$	115 299 390 \$	2 625 179 \$	2 733 966 \$	142 985 671 \$	118 033 356 \$
Civil Service Superannuation Plan	109 041 822	91 330 523	1 585 588	921 088	110 627 410	92 251 611
Pension plan for members of the Sûreté du Québec	6 633 054	5 166 783	93 226	144 119	6 726 280	5 310 902
Pension plan for Members of the Legislature	3 295 556	2 924 846	12 547	272 644	3 308 103	3 197 490
Retirement and pension plan for judges (1978)	1 221 624	822 026			1 221 624	822 026
Pension plan for judges and coroners	2 303 086	2 072 843			2 303 086	2 072 843
Pension plan for commissioners of the Commission des valeurs mobilières du Québec	104 787	93 338			104 787	93 338
Retirement protection plan for certain teachers	1 197 225	922 723			1 197 225	922 723
Special pensions	73 315	61 385			73 315	61 385
	<u>264 230 961 \$</u>	<u>218 693 857 \$</u>	<u>4 316 540 \$</u>	<u>4 071 817 \$</u>	<u>268 547 501 \$</u>	<u>222 765 674 \$</u>

The accompanying notes are an integral part
of the financial statements

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

NOTES TO FINANCIAL STATEMENTS

1 - PENSION PLANS

General description

The Commission administrative du régime de retraite is charged with administering the following pension plans:

- the Teachers Pension Plan
(R.S.Q., c. R-11 and amendments)
- the Civil Service Superannuation Plan
(R.S.Q., c. R-12 and amendments)
- the pension plan for members of the Sûreté du Québec
(R.S.Q., c. P-13)
- the pension plan for Members of the Legislature
(R.S.Q., c. L-1 and amendments)
- the pension plan for judges and coroners
(R.S.Q., c. T-16 and amendments)
- the retirement and pension plan for judges (1978)
(R.S.Q., c. T-16 and amendments)
- the pension plan for commissioners of the Commission des valeurs mobilières du Québec
(R.S.Q., c. V-1 and amendments)
- the retirement protection plan for certain teachers
(Statutes of Québec, 1978, c. 16)
- special pension plans (R.S.Q., c. P-32,
Statutes of Québec, 1970 c. 6, 1978, c. 18 and
Orders in Council 1967-71, 378-73)

Generally speaking, these are partially determined benefit plans and provide guaranteed payments on retirement or death. In addition, the Teachers Pension Plan, the Civil Service Superannuation Plan, the pension plan for judges and coroners as well as the the retirement and pension plan for judges (1978) provide guaranteed disability benefits and that of the members of the Sûreté du Québec, guaranteed benefits to be paid in the event of death on the job.

The Teachers Pension Plan, the Civil Service Superannuation Plan, and the retirement and pension plan for judges (1978) are coordinated with the Québec Pension Plan, that is, contributions and benefits are adjusted to take participation in the QPP into account.

Contributions

The pension plan for judges and coroners and that of commissioners of the Commission des valeurs mobilières du Québec, as well as the retirement protection plan for certain teachers and the special plans are non-contributory. Contribution rates for the other pension plans mentioned above usually range between 7% and 9% of employees' pensionable earnings.

Participation in the pension plan for Members of the Legislature is optional and the Member must pay an additional contribution for survivors' entitlement to a pension.

Refund

All contributory plans provide for the refund of contributions under certain conditions.

Retirement benefits

Benefits become payable when the participant meets the criteria for eligibility, which in the case of retirement means the person has reached the age of retirement or has accumulated sufficient length of service, or has become disabled.

Benefits under the Teachers Pension Plan, the Civil Service Superannuation Plan, and the retirement and pension plan for judges (1978) are based on a percentage of the participant's average earnings over certain years and are indexed on January first of each year. The rate of indexation for service prior to July 1, 1982 is set annually by the Régie des rentes du Québec and the rate less 3% for service after June 30, 1982. Pension credits under the retirement protection plan for certain teachers are paid in the form of life annuities.

Death benefits

Except in the case of the pension plan for commissioners of the Commission des valeurs mobilières du Québec, a survivor's pension is paid to the spouse of the deceased plan participant under certain conditions. Benefits equal 50% of that payable to the participant at the time of death, to which a further 10% may be added for each dependent child, to a maximum of 40%.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

NOTES TO FINANCIAL STATEMENTS (cont'd)

2 - ACCOUNTING POLICIES

Participants' contributions (including redemptions, transfers, interest, less overcontributions) are recorded on a cash basis. Amounts held by agents at December 31 and turned over to the Commission during the following fiscal year are not included in receipts for the current period. Pensions and life annuities, as well as contribution refunds or transfers and interest, are also recorded on the same basis.

In accordance with the Acts and Orders in Council governing the pension and retirement protection plans, receipts are turned over by the Commission to the Consolidated Revenue Fund, from which outlays are made as well.

3 - PLAN COMMITMENTS TOWARD PARTICIPANTS AND EMPLOYER OBLIGATIONS TOWARD THE PLANS

According to actuarial valuation, gouvernement du Québec obligations toward claimants under the plans covered by these statements amounted to \$6 947 500 000 at December 31, 1978.

On December 31, 1982, there was another actuarial valuation under preparation based on population data to December 31, 1981.

The Commission's actuarial service estimates the actuarial commitments of the plans at December 31, 1982 to be in the order of \$10 733 600 000, which details as follows:

	(\$ THOUSANDS)
the Teachers Pension Plan	6 503 000
the Civil Service Superannuation Plan	3 279 000*
the pension plan for members of the Sûreté du Québec	764 700**
the pension plan for Members of the Legislature	77 500
the pension plan for commissioners of the Commission des valeurs mobilières du Québec	
the pension plan for judges and coroners the retirement and pension plan for judges (1978)	77 700
the retirement protection plan for certain teachers	31 700
	<u>10 733 600</u>

* To December 31, 1982, \$27 150 000 out of a total receivable of \$196 476 000 at December 31, 1977 from certain agencies had been turned over to the Commission for payment to the Consolidated Revenue Fund for the cost of prior service. The balance owed including interest will be paid in annual installments through the year 2000 at the latest.

** Does not include commitments of \$24 700 000 for prior service whose cost is the responsibility of plan participants.

In the opinion of the actuarial service, this estimate should be sufficient provision to cover commitments for pension credits to December 31, 1982, based on available information at the time these statements were prepared.

4 - OTHER INFORMATION

Under terms of agreed proposals, participants of certain pension plans made a commitment to redeem pension credits for prior service. Participants' commitments at the end of the fiscal year amount to about \$1 767 000 toward the retirement and pension plan for judges (1978), \$151 600 toward the Teachers Pension Plan, \$14 300 toward the pension plan for members of the Sûreté du Québec, \$18 000 toward the pension plan for Members of the Legislature and \$1 068 300 toward the Civil Service Superannuation Plan.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

R.S.Q., c. R-16 and amendments

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the pension plan for mayors and municipal councillors at December 31, 1982 and the statement of change in net available assets for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the net disposable assets of the plan at December 31, 1982 as well as the change in net available assets for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 17, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS

R.S.Q., c. R-16 and amendments

NET DISPOSABLE ASSETS

as at December 31, 1982

	1982	1981
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec	7 661 312 \$	5 958 987 \$
Deposits with the Bureau général des dépôts of the ministère des Finances	15 325	24 422
Contributions receivable	104 598	118 726
	<u>7 781 235 \$</u>	<u>6 102 135 \$</u>
LIABILITIES		
Pensions and contribution refunds payable	33 626 \$	15 972 \$
NET DISPOSABLE ASSETS (Note 4)	<u>7 747 609</u>	<u>6 086 163</u>
	<u>7 781 235 \$</u>	<u>6 102 135 \$</u>

The accompanying notes are an integral part
of the financial statements.

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

PENSION PLAN FOR MAYORS AND MUNICIPAL CONCILLORS

CHANGE IN NET DISPOSABLE ASSETS for the fiscal year ended December 31, 1982

	1982		1981	
INCREASES				
Participants' contributions				
Contributions for current service	405 273 \$		359 199 \$	
Redemption and transfer of past service	13 689	418 962 \$	21 370	380 569 \$
Municipalities' contributions				
Contributions for current service	548 502		491 763	
Redemption and transfer of past service	19 075	567 577	29 867	521 630
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 5)		855 025		580 697
		1 841 564		1 482 896
DECREASES				
Pensions	79 975		72 903	
Contributions refunds including interest	100 143	180 118	44 603	117 506
NET INCREASE FOR THE YEAR		1 661 446		1 365 390
NET DISPOSABLE ASSETS AT THE BEGINNING		6 086 163		4 720 773
NET DISPOSABLE ASSETS AT YEAR-END		7 747 609 \$		6 086 163 \$

The accompanying notes are an integral part
of the financial statements.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

PENSION PLAN FOR MAYORS AND MUNICIPAL COUNCILLORS NOTES TO FINANCIAL STATEMENTS

1 - THE PLAN

General

The pension plan for mayors and municipal councillors is an undefined benefit plan subject to the Act respecting retirement plans for the mayors and councillors of municipalities. The Act guarantees the payment of retirement and death benefits. It also provides for the refund of contributions and accrued interest under certain conditions.

Participation

The pension plan is open to members of a municipal council that votes a regulation to join the plan. A year of service is credited for each year of participation.

A participant may transfer years of service credited with a pension plan in effect on December 12, 1974 for municipal council members. Service prior to January 1, 1975 may, under certain conditions be redeemed. A participant's contribution is set at 5.5% of pensionable earnings. He or she may also make a supplementary contribution. The municipality contributes at the rate of 8% of a participant's earnings.

Guarantees

With at least eight (8) years of service credited, a participant is eligible to payment of a pension on demand as of the first of the month after reaching the age of sixty, if no longer a member of the council, or as of the first of the month after duties cease, providing he or she is sixty or over.

If a participant dies before becoming eligible for a pension, the heirs are entitled to a refund, upon request, of his or her contributions plus interest and those paid by the municipality, plus interest, if death occurred after eligibility but before payment of the pension could begin. If death followed retirement, the heirs are entitled, again upon request, to payment of the pension until the guaranteed period of 15 years has expired or a lump sum equal to the current value of such pension.

A participant whose duties cease before 8 years' service has been credited may collect a refund of the contributions he or she paid, with interest, or leave them to accumulate in the plan, in the event of reelection.

Under terms set forth in regulations, the amount of a pension is established on the basis of the contributions of a participant, of the municipality, the redemption and transfer of past service and prescribed interest, accumulated on behalf of a participant.

2 - ACCOUNTING POLICIES

The financial statements of the pension plan for mayors and municipal councillors were prepared by management on the basis of generally recognized accounting principles. In the opinion of management, the statements were properly drawn up within the framework of accounting practice summarized as follows:

financial operations relating to the pension plan's net disposable assets are recorded on the accrual basis;

participation deposits in segregated funds of the Caisse de dépôt et placement du Québec are entered at cost plus the share of fund revenue assigned but not yet paid by the Caisse;

participants' contributions held on December 31st by municipalities and the corresponding municipalities' share turned over to the Commission during the next fiscal year are recorded as contributions for that year.

3 - FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1982	1981
Participation deposits in segregated funds:		
- bonds	6 590 598 \$	5 248 888 \$
(net realization value, 1982: \$6 879 227; 1981: \$4 374 099; units, 1982: 3 450; 1981: 2 661)		
- shares	926 086	581 322
(net realization value, 1982: \$987 467; 1981: \$546 068; units, 1982: 385; 1981: 225)		
Demand deposits in the General Fund	66 015	68 008
Revenue receivable from segregated funds	78 613	60 769
	<u>7 661 312 \$</u>	<u>5 958 987 \$</u>

4 - PLAN COMMITMENTS TOWARD PARTICIPANTS

Being an undefined benefit plan, commitments with respect to guaranteed payments to participants correspond to the plan's net disposable assets.

5 - REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1982	1981
Participation deposits in segregated funds:		
- bonds	798 358 \$	501 517 \$
- shares	52 150	72 866
Interest on demand deposits in the General Fund	4 517	6 314
	<u>855 025 \$</u>	<u>580 697 \$</u>

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS (Note 6)

AUDITOR'S REPORT

I have examined the statement of net disposable assets of the special pension plans at December 31, 1982 and the statement of change in net available assets for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the net disposable assets of these plans at December 31, 1982 as well as the change in net available assets for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, April 8, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

SPECIAL PENSION PLANS (Note 6)**NET DISPOSABLE ASSETS**

as at December 31, 1982

	1982	1981
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec	12 064 022 \$	8 500 258 \$
Deposits with the Bureau général des dépôts of the ministère des Finances	4 430	32 873
Contributions receivable	2 508 690	3 633 298
Funds of a pension plan in process of transfer (Note 5)	318 438	318 438
	<u>14 895 580 \$</u>	<u>12 484 867 \$</u>
LIABILITIES		
Pensions, contribution refunds and interest payable	3 565 \$	911 \$
Overcontributions to refund	12	
	<u>3 577</u>	<u>911</u>
NET DISPOSABLE ASSETS (Notes 4, 5 & 6)	<u>14 892 003</u>	<u>12 483 956</u>
	<u>14 895 580 \$</u>	<u>12 484 867 \$</u>

The accompanying notes are an integral part
of the financial statements.

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

SPECIAL PENSION PLANS

CHANGE IN NET DISPOSABLE ASSETS
for the fiscal year ended December 31, 1982

	1982	1981
INCREASES		
Participants' contributions		
Contributions for current service	357 103 \$	337 425 \$
Redemption and transfer of past service, including interest	45 730	8 719
	<u>402 833</u>	<u>346 144</u>
Municipalities' contributions		
Contributions for current service	462 561	468 914
Redemption and transfer of past service, including interest	442 171	2 089 939
	<u>904 732</u>	<u>2 558 853</u>
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 7)	1 324 351	864 226
	<u>2 631 916</u>	<u>3 769 223</u>
DECREASES		
Pensions	98 170	62 304
Contribution refunds including interest	8 218	8 659
Contribution refunds and transfers including interest	117 481	51 270
	<u>223 869</u>	<u>122 233</u>
NET INCREASE FOR THE YEAR	2 408 047	3 646 990
NET DISPOSABLE ASSETS AT THE BEGINNING	12 483 956	8 836 966
NET DISPOSABLE ASSETS AT YEAR-END	<u>14 892 003 \$</u>	<u>12 483 956 \$</u>

The accompanying notes are an integral part
of the financial statements.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

SPECIAL PENSION PLANS

NOTES TO FINANCIAL STATEMENTS

1 - SPECIAL PENSION PLANS

The particular pension plans listed in Note 6 were established by the Government. Management of the plans has been conferred on the Commission administrative du régime de retraite under the Act respecting the Government and Public Employees Retirement Plan. The pension plan for employees of the Côte des Neiges hospital centre, the pension plan for former employees of the city of Montréal-Nord and the pension plan for former employees of the city of Saint-Laurent are partly defined benefit plans while the others are of the defined benefit type.

2 - ACCOUNTING POLICIES

The financial statements of the special pension plans were prepared by management on the basis of generally recognized accounting principles. In the opinion of management, the statements were properly drawn up within the framework of accounting practice summarized as follows:

- financial operations relating to the pension plans' net disposable assets are recorded on the accrual basis;
- participation deposits in segregated funds of the Caisse de dépôt et placement du Québec are entered at cost plus the share of fund revenue assigned but not yet paid by the Caisse;
- employee contributions held on December 31st by agents and turned over to the Commission during the next fiscal year are recorded as contributions for that year.

3 - FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1982	1981
Participation deposits in segregated funds:		
- bonds	10 704 612 \$	7 722 845 \$
(net realization value, 1982: \$11 016 733; 1981: \$6 146 094; units, 1982: 5 525; 1981: 3 739)		
- shares	1 068 064	656 443
(net realization value, 1982: \$1 256 776; 1981: \$723 237; units, 1982: 490; 1981: 298)		
Demand deposits in the General Fund	167 440	35 960
Revenue receivable from segregated funds	123 906	85 010
	<u>12 064 022 \$</u>	<u>8 500 258 \$</u>

4 - PLAN COMMITMENTS TOWARD PARTICIPANTS

An actuarial valuation of the pension plan for employees of the Côte des Neiges hospital centre was carried out by the Commission's actuarial service on the basis of population data to December 31, 1980. The valuation established actuarial commitments of that plan at \$9 691 000 on that date, calculated according to the "level premium capitalization" method.

The service also estimated plan commitments at December 31, 1982 to be \$13 658 843, taking into consideration operations for fiscal 1982. The estimate was based on population data to December 31, 1980 and used the same assumptions and methods as did the valuation completed on that date.

In the opinion of the actuarial service, the estimate should be sufficient to cover all commitments with respect to pension liabilities at December 31, 1982, based on facts known at the time the financial statements were prepared.

A valuation based on population data to December 31, 1981 will be ready for early 1983 and could change the previous estimate somewhat.

5 - FUNDS FROM A PLAN IN THE PROCESS OF TRANSFER

The pension plan for former employees of the city of Montréal-Nord was set up to take effect as of September 16, 1976 by the Government in Order in Council 664-81 dated March 4, 1981. It covers former employees of social services and health services of the city of Montréal-Nord who hold a position to which the Government and Public Employees Retirement Plan applies.

Under the terms of an agreement reached on December 23, 1980 between the Commission, the city of Montréal-Nord and the pension plan for employees of that city, that plan made a commitment to pay the Commission an amount equal to the value of benefits accumulated to December 31, 1980 concerning those employees who became part of the Sacré-Coeur hospital centre work force as of September 16, 1976.

The pension plan agreed to make fifteen (15) annual installment payments of \$24 947 to the Commission beginning January 1, 1981 and a final payment of \$318 438 due January 1, 1976.

Operations of the pension plan for former employees of the city of Montréal-Nord relating to current service during the period from September 16, 1976 through June 30, 1981 were not recorded, not being known at year-end.

Employees under the plan joined the Government and Public Employees Retirement Plan July 1, 1981.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

SPECIAL PENSION PLANS

NOTES TO FINANCIAL STATEMENTS (cont'd)

6 - NET DISPOSABLE ASSETS OF SPECIAL PENSION PLANS AT DECEMBER 31ST

	1982	1981
Pension plan for the president of the Société d'aménagement de l'Outaouais (O.C. 2660-76)	92 241 \$	74 862 \$
Pension plan for the chairman of the Conseil de la Communauté régionale de l'Outaouais (O.C. 2661-76)	119 437	98 492
Pension plan for the chairman and CEO of the Commission de transport de la Communauté régionale de l'Outaouais (O.C. 2662-76)	204 147	169 010
Pension plan for the chairman and CEO of the Commission de transport de la Rive-sud de Montréal (O.C. 3863-76)	36 078	45 667
Pension plan for the chairman and CEO of the Commission de transport de la Ville de Laval (O.C. 4104-76)	62 511	60 968
Pension plan for the chairman of the Comité exécutif de la Communauté urbaine de Québec (O.C. 2-77)	105 509	93 375
Pension plan for employees of the Côte des Neiges hospital centre (O.C. 397-78, 2497-81)	13 658 843	11 606 904
Pension plan for former employees of the city of Montréal-Nord (O.C. 664-81)	357 053	334 678
Pension plan for former employees of the city of Saint-Laurent (O.C. 842-82)	256 184	
	<u>14 892 003 \$</u>	<u>12 483 956 \$</u>

7 - REVENUE FROM FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

	1982	1981
Revenue from participation deposits in segregated funds:		
bonds	1 242 569 \$	748 351 \$
shares	64 376	107 809
Interest on demand deposits in the General Fund	17 406	8 066
	<u>1 324 351 \$</u>	<u>864 226 \$</u>

8 - NEW PENSION PLAN

The Act respecting the Government and Public Employees Retirement Plan gives the lieutenant-governor in council the power to establish other pension plans and confer their administration to the Commission.

In April 1982, the pension plan for former employees of the city of Saint-Laurent was created by an Order in Council under section 7 of the Act.

The city of Saint-Laurent passed a resolution agreeing to transfer the amount of pension benefits accumulated with respect to employees who became part of the Sacré-Coeur hospital centre work force in September 1976. \$213 211 was transferred to the Commission during the fiscal year ended December 31, 1982.

Operations of the pension plan for former employees of the city of Saint-Laurent relating to employee contributions for service between September 19, 1976 through December 31, 1981 were recorded during the fiscal year.

Employer contributions for the same period were not recorded at year-end.

During 1983, the Commission intends to determine employer contributions receivable for the period, estimated to be about \$36 700 at December 31, 1982.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

Actuarial certificate concerning commitments of the pension plan for employees of the Côte des Neiges hospital centre

I certify that the actuarial liabilities of the plan, to which the first paragraph of Note 4 to the financial statements refers, are a sufficient provision to cover contractual commitments with respect to current pension payments, pensions to become payable as well as those already earned by participants who are still working.

Such obligations, arising from the actuarial valuation at December 31, 1980 conducted in conformity with section 91 of Order in Council 397-78, amount to \$9 691 000 on that date. In my opinion, those obligations are founded on reliable data and adequate assumptions that make use of methods wholly in agreement with established principles accepted by the profession.

Renaud LONGCHAMPS
F.S.A., F.I.C.A.

Québec, April 12, 1983

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

BASIC LIFE INSURANCE PLAN FOR GOVERNMENT AND PUBLIC EMPLOYEES

ADDITIONAL LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

(O.C. 1272-77, 3937-78)

AUDITOR'S REPORT

I have examined the statement of receipts and outlays of the basic life insurance plan for Government and public employees and that of the additional life insurance plan for employees and pensioners of the Commission de la santé et de la sécurité du travail for the fiscal year ended December 31, 1982. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the receipts and outlays of these insurance plans for the fiscal year ended December 31, 1982.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 18, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

BASIC LIFE INSURANCE PLAN FOR GOVERNMENT AND PUBLIC EMPLOYEES

ADDITIONAL LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE
COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

(O.C. 1272-77, 3937-78)

RECEIPTS

for the fiscal year ended December 31, 1982

	1982	1981
Contributions and premiums paid to the Consolidated Revenue Fund:		
Basic plan — employer premiums	106 652 \$	64 944 \$
Additional plan — employee premiums	85 513	70 050
	<u>192 165 \$</u>	<u>134 994 \$</u>

OUTLAYS

for the fiscal year ended December 31, 1982

	1982	1981
Benefits paid from the Consolidated Revenue Fund:		
Basic plan	4 696 349 \$	4 696 800 \$
Additional plan	71 200	84 800
	<u>4 767 549 \$</u>	<u>4 781 600 \$</u>

The accompanying notes are an integral part
of the financial statements.

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE**BASIC LIFE INSURANCE PLAN FOR GOVERNMENT AND PUBLIC EMPLOYEES****ADDITIONAL LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE
COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL****NOTES TO FINANCIAL STATEMENTS**

1 - THE INSURANCE PLANS

The basic life insurance plan for Government and public employees provides for the payment, under certain conditions, of death benefits set as of 1980 at \$6 400 for full-time employees and at \$3 200 for certain part-time and seasonal employees. In the case of management-level employees, death benefits have been set at \$6 400 beginning January 1, 1981.

The additional life insurance plan applies only to employees and pensioners of the Commission de la santé et de la sécurité du travail who on December 31, 1978 were covered by the life insurance contract dated January 1, 1956 and expiring on December 31, 1978. The Commission administrative du régime de retraite is responsible for administering the plan as of January 1, 1979. Taking into account benefits payable under the basic life insurance plan, the total death benefits payable could reach \$9 000, under certain conditions.

2 - UNRECORDED DEATH BENEFITS

Death benefits not recorded at December 31, 1982 amount to approximately \$1 363 000 (\$1 900 000 at December 31, 1981) under the basic life insurance plan and \$9 000 (\$9 000 at December 31, 1981) in the case of the additional life insurance plan.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

TRUST FUND RELATING TO THE GROUP INSURANCE PLAN FOR MEMBERS OF THE
SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

AUDITOR'S REPORT

I have examined the statement of trust fund movements relating to the group insurance plan for members of the Syndicat des fonctionnaires provinciaux du Québec for the fiscal year ended December 31, 1982. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial movement of this trust fund for the fiscal year ended December 31, 1982.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 17, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

TRUST FUND RELATING TO THE GROUP INSURANCE PLAN FOR MEMBERS OF THE
SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC**FINANCIAL MOVEMENTS**

for the fiscal year ended December 31, 1982

	1982	1981
TRUST FUND — AT THE BEGINNING	265 775 \$	230 838 \$
Interest collected	34 581	34 937
	300 356	265 775
Outlay to the Mutuelle des Services de santé du Québec	80 970	
TRUST FUND — AT YEAR-END*	219 386 \$	265 775 \$
* Cash	63 \$	56 \$
Term deposits	219 323	265 719
	219 386 \$	265 775 \$

The accompanying notes are an integral part
of the financial statement.

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

TRUST FUND RELATING TO THE GROUP INSURANCE PLAN FOR MEMBERS OF THE
SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

NOTE TO FINANCIAL STATEMENT

CONSTITUTION AND PURPOSE

The trust fund relating to the group insurance plan was created by the Government following settlement of a grievance filed by the syndicat des fonctionnaires provinciaux du Québec seeking to uphold the Government's required contribution to the health insurance plan provided for under the terms of the 1968-1971 collective agreement, following the coming into force of the Health Insurance Act.

The fund and the revenue it earns are used, with the agreement of the Syndicat and the Commission, toward premium rebates or the purchase of additional group insurance for the benefit of civil servants and other employees who are members of this union.

On April 20, 1976, the Conseil du trésor made the Commission responsible for managing the fund.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

COST OF PENSIONS TO MANAGEMENT-LEVEL PUBLIC EMPLOYEES' SURVIVORS

AUDITOR'S REPORT

I have examined the statement of the cost of pensions to management-level public employees' surviving family members for the fiscal year ended December 31, 1982. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, the financial statement accurately presents the cost of pensions to those employees' survivors for the fiscal year ended December 31, 1982 according to the accounting policy in Note 1, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 18, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

COST OF PENSIONS TO MANAGEMENT-LEVEL PUBLIC EMPLOYEES' SURVIVORS
for the fiscal year ended December 31, 1982

	<u>1982</u>	<u>1981</u>
Net cost of premiums (Note 2)		
Premiums	11 356 729 \$	10 727 902 \$
Rebates	(794 980)	(1 003 051)
	<u>10 561 749</u>	<u>9 724 851</u>
Less:		
Employer premiums	<u>288 468</u>	<u>271 202</u>
COST OF SURVIVORS' PENSIONS ASSUMED		
 BY THE GOVERNMENT	<u><u>10 273 281 \$</u></u>	<u><u>9 453 649 \$</u></u>

The accompanying notes are an integral part
of the financial statement.

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE**COST OF PENSIONS TO MANAGEMENT-LEVEL PUBLIC EMPLOYEES' SURVIVORS
NOTES TO FINANCIAL STATEMENTS**

1 - ACCOUNTING PRACTICE

The cost of pensions to surviving family members of management-level employees in the public and parapublic sector is recorded on a cash basis.

2 - COST OF SURVIVORS' PENSIONS

Since January 1, 1978, the Government has been paying the premiums for survivors' pensions to family members of management-level employees in the public and parapublic sector. Premiums are mainly set on the basis of the current value of pensions to be paid and related administrative charges.

During the fiscal year ended December 31, 1982, premiums in the amount of \$4 733 862 were paid from the Consolidated Revenue Fund and the balance of \$6 622 867 from the surplus accumulated in the plan managed by the insurer.

Premiums for survivors' pensions owed to the insurer at December 31, 1982 and not entered on the books are estimated to be about \$1 266 483 (\$2 700 000 at December 31, 1982) and rebates receivable for 1982 amounted to approximately \$1 550 000 at year-end.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

ADMINISTRATIVE EXPENSES

AUDITOR'S REPORT

I have examined the statement of administrative expenses of the Commission administrative du régime de retraite for the fiscal year ended December 31, 1982. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the administrative expenses of the Commission for the fiscal year ended December 31, 1982, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rheal CHATELAIN, C.A.
Auditor-General

Québec, March 18, 1983.

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

R.S.Q., c. R-10 and amendments

ADMINISTRATIVE EXPENSES

for the fiscal year ended December 31, 1982

	1982	1981
Wages, salaries and other remuneration	9 481 608 \$	8 716 245 \$
Transportation and communications	223 518	214 365
Professional, administrative and other services	207 042	234 754
Maintenance and repair	16 109	11 809
Rent	126 032	120 246
Supplies and furnishings	161 588	178 691
Equipment and materials	13 863	22 892
Interest on amounts owed pensioners and other expenses	411 301	210 886
EXPENDITURE ASSUMED BY THE GOUVERNEMENT DU QUÉBEC	10 641 061 \$	9 709 888 \$

The accompanying notes are an integral part
of the financial statement.

ON BEHALF OF THE COMMISSION,

Louison ROSS
Rémi MORISSETTE

COMMISSION ADMINISTRATIVE DU RÉGIME DE RETRAITE

ADMINISTRATIVE EXPENSES

NOTES TO THE FINANCIAL STATEMENT

1 - PURPOSE

The Commission administrative du régime de retraite is given the responsibility of administering the Government and Public Employees Retirement Plan and any other pension or insurance plan whose management an Act of the Government confers on the Commission. The Government assumes the Commission's administrative expenses.

2 - ACCOUNTING POLICIES

The statement of administrative expenses was prepared on the basis of accounting practice in use by the Government.

The cost of fringe benefits to Commission employees, as well as that of support services such as telephone, office space and data processing, is paid out of departmental estimates and not shown on the financial statement.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

AUDITOR'S REPORT

I have examined the balance sheet of the Commission de la santé et de la sécurité du travail at December 31, 1982 and the statement of revenue, expenditure and deficit for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

As stated in the actuarial certificate, no liability was recorded in the Accident Fund for future costs relating to programs for evaluating inability to return to work, for temporary rehabilitation indemnities for employment search, for training or psycho-social treatment and for economic or social stabilization.

In my opinion, founded on my own examination and the declaration of the actuaries responsible for evaluating Accident Fund liabilities toward claimants and taking into consideration the fact that no specific amount has been entered as liability for the future costs of programs to which the paragraph above refers, these statements accurately present the financial situation of the Commission at December 31, 1982 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year, except for the change in the recording of deferred costs to which Note 3 refers.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 18, 1983.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

ACTUARIAL CERTIFICATE

concerning commitments of the Accident Fund and the Special Disaster Fund of the Commission de la santé et de la sécurité du travail at December 31, 1982

We, the undersigned, declare that the amount of \$2 333 570 000, shown under liabilities on the balance sheet as mathematical reserve of the Accident Fund and \$ 6 764 000 as mathematical reserve of the Special Disaster Fund must be considered sufficient from an actuarial standpoint to cover obligations arising from section 81 of the Workmen's Compensation Act, subject to the remarks below.

Following a decision by the Commission, no liability was recorded in the Accident Fund for future costs relating to programs for evaluating inability to return to work, for temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization. Costs acknowledged from year to year are added to the Accident Fund but deferred to subsequent fiscal years for financing purposes; they begin to be amortized as of 1985.

Commitments of the Accident Fund are tributary to factors which can only be assessed in the long term, such as the indexing rate on pensions paid, the probability of reactivating files or the frequency and cost of future health care for past accidents. The experience of a single year cannot lead to conclusions about long-term operational trends since it is subject to changes not necessarily representative of the longer term situation.

The mathematical (or available) reserve of the Accident Fund is composed of the previous year's balance increased by the provision for the current fiscal year for the cost of accidents, interest charges as well as the increase in the cost of accidents deferred to later years, less compensation paid. As for the theoretical reserve of the Accident Fund, it is a long-term estimate based on the situation experienced with respect to the Fund's commitments at the end of 1982.

The difference between the available and theoretical reserve can be explained by the fact that hypotheses used in calculating the latter did not materialize. It represents a contingent liability whose fluctuations cannot be accurately reflected on the balance sheet but can be offset by an adjustment to contributions over a period of time so as to have an impact on receipts. This mechanism is part of the Commission's present financial practices.

On December 31, 1982, the mathematical reserve entered on the books and the theoretical reserve of the Accident Fund are composed of the following items:

	Available Reserve	Theoretical Reserve
	(\$ THOUSANDS)	
Capitalized value of pensions	1 438 120	1 590 095
Provision for claims currently under settlement or not filed	895 450	931 841
	<u>2 333 570</u>	<u>2 521 936</u>

The difference of \$188 366 000 between the theoretical reserve and that entered on the books should not be shown as a liability item, as mentioned above. This spread will gradually be reflected in the factors determining the cost of accidents for a given fiscal year and, by extension, in the premiums without sudden change.

The reserve of the Special Disaster Fund is composed of the prior year's balance increased by a percentage of the cost of accidents and reduced by the cost of accident claims against certain employers deemed excessive. The purpose of the reserve is to provide a degree of stabilization to operations and, concomitantly, to premium rates.

We considered appropriate an adjustment to the calculation of commitments. For practical reasons, the cost of accidents for a year is established not only on the basis of those that occurred during the year but also those of the two previous years. Given the context of the 1982 recession, the level of employment dropped sharply, making the experience of the two years before hardly representative of the situation in 1982. An adjustment was made to reflect the drop in employment by taking into account the sectors of activity most affected, in turn having an effect on the frequency and severity of job accidents which vary from one sector to another. This is a change to the hypotheses used, which prior to 1982 was implicitly viewed as invariable.

The impact of the change for 1982 details as follows:

Decrease in the mathematical reserve of the Accident Fund	\$31 077 000
Decrease in the theoretical reserve of the Accident Fund	\$26 947 000
Decrease in the reserve for the Special Disaster Fund	\$156 000

The amount of \$2 352 441 000 shown as a liability toward claimants includes, in addition to previous liabilities, a reserve of \$12 107 000 for the capital refund program (s. 28.1).

We state that in our opinion, subject to the financial practices used by the Commission and the information we obtained from it, this certificate is founded on appropriate assumptions and based on sound actuarial principles.

Jean-L. GAUVIN, F.I.C.A., F.S.A.
Robert LANGLOIS, F.I.C.A., F.S.A.

Québec, March 17, 1983.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

R.S.Q., c. S-2.1

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981 (Note 16)
ASSETS		
Cash and short-term deposits	121 423	144 588
Premiums and other accounts receivable (Note 4)	76 961	120 476
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 5)	1 649 980	1 405 648
Selling price balance (Note 6)	19 628	3 767
Fixed assets (Note 7)	20 477	32 749
Systems development (Note 8)	9 372	
Deferred charges (Note 9)	451 600	365 963
	<u>2 349 441</u>	<u>2 073 191</u>
LIABILITIES		
Accounts payable and accrued charges	13 509	5 455
Premiums collected in advance	9 093	6 051
Deposits by employers held liable for benefit payments and administrative expenses	13 959	11 708
Liabilities toward claimants — Accident Fund (Note 10)	<u>2 352 441</u>	<u>2 031 729</u>
	2 389 002	2 054 943
SURPLUS (DEFICIT)	<u>(39 561)</u>	<u>18 248</u>
	<u>2 349 441</u>	<u>2 073 191</u>

Accident Fund shortfall and financing (Note 11)

ON BEHALF OF THE COMMISSION,

Robert SAUVÉ
Lionel BERNIER

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

STATEMENT OF REVENUE AND EXPENDITURE AND OF DEFICIT
for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981 (Note 16)
REVENUE		
Employer premiums	667 405	664 485
Investment income	191 079	171 982
Interest on premiums and other revenue	29 844	17 604
	<u>888 328</u>	<u>854 071</u>
EXPENDITURE		
Compensation programs		
Accident costs for the year		
Medical aid	91 232	86 553
Temporary disability	282 143	244 583
Permanent disability	187 832	168 246
Death	22 901	27 544
	<u>584 108</u>	<u>526 926</u>
Less: share charged to the Special Disaster Fund reserve	1 861	1 792
	<u>582 247</u>	<u>525 134</u>
Interest income transferred to the Accident Fund:		
from investments	191 079	171 982
on deferred charges	24 337	29 683
	<u>797 663</u>	<u>726 799</u>
Increase in the Special Disaster Fund reserve	3 172	2 859
Amortization of deferred charges (Note 9)	4 557	5 076
	<u>805 392</u>	<u>734 734</u>
Prevention	30 002	19 732
Administrative expenses (Note 13)	95 320	86 262
Bad debts (Note 4)	10 500	19 364
Contributions to the Civil Service Superannuation Plan for past service (Note 12)	4 923	4 923
	<u>946 137</u>	<u>865 015</u>
SURPLUS EXPENDITURE OVER REVENUE FOR THE YEAR	<u>(57 809)</u>	<u>(10 944)</u>
SURPLUS AT THE BEGINNING	<u>18 248</u>	<u>29 192</u>
SURPLUS (DEFICIT) AT YEAR-END	<u><u>(39 561)</u></u>	<u><u>18 248</u></u>

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION, ACTIVITY AND FINANCING

A corporation within the meaning of the Civil Code, the Commission de la santé et de la sécurité du travail was founded on March 13, 1980. It is charged under the Act respecting occupational health and safety with developing and implementing policies promoting the health and safety of workers on the job, collecting premiums from employers to ensure application of the Act, except for its inspection costs which are reimbursed by the Government.

Within the framework of administering the Workmen's Compensation Act and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries, the Commission also has responsibility for operating an accident fund financed through employer premiums, which should be sufficient to cover benefit payments and current administrative expenses as well as maintaining a reserve fund to cover future accident claims.

In the context of administering the Crime Victims Compensation Act and the Act to promote good citizenship, the Commission also has the responsibility of paying compensation or other benefits to claimants. Funding for the implementation and administration of the Acts is provided by the Government.

2 - ACCOUNTING POLICIES

The Commission's financial statements were prepared according to the accrual method, within the bounds of accounting practice summarized as follows:

a) Employer premiums

Revenue from premiums is based on estimated wages and salaries paid by employers, to which a rate the Commission sets is applied. At year-end, such revenue is adjusted to take into account the expected variation between estimated and actual wages and salaries paid.

b) Funds entrusted to the Caisse de dépôt et placement du Québec: Individual Fund participation deposits are recorded on the basis of adjusted value, that is, their cost and corresponding amortization over a ten-year period, any capital gain or loss on the sale of securities and the difference between the realization value of investments in shares and their book value. Annual amortization is posted to operations for the year.

Participation deposits in the General Fund are entered at cost plus a share of the Fund's general reserve, in proportion to the number of units held.

Bonds in the portfolio managed by the Caisse de dépôt et placement du Québec are recorded at amortized cost on the basis of yield.

c) Fixed assets

Fixed assets are shown at their cost price; depreciation on them is charged according to the straight-line method on the basis of estimated useful life at the following annual rates:

Buildings	2½%
Furnishings and equipment	6½%
Rolling-stock	25%
Computer equipment	20%
Telecommunications system	20%
Leashold improvements - over the length of the lease.	

d) Systems development costs

The costs of developing data processing systems is amortized on a straight-line basis over a period of five years once in operation.

e) Deferred charges

That part of charges resulting from a 1975 change in the valuation basis of the mathematical reserve for the Accident Fund and 1979 changes to the capitalization of certain annuities and to the review of actuarial assumptions which are deferred to later fiscal years are amortized using the annuity method at an 8% rate through the year 2005.

That part of deferred charges attributable to 1981 and 1982 changes to the provision for claims under settlement or not filed relative to programs for evaluating inability to return to work, temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization, along with interest charges, will be amortized beginning in 1985, according to the annuity method at a rate of 8% through 2005.

f) Liabilities toward claimants - Accident Fund

Mathematical reserve of the Accident Fund

The mathematical reserve of the Accident Fund includes a provision for claims under settlement or not filed, on the one hand, and the capitalized value of pensions on the other.

No liability for the future cost of programs for evaluating inability to return to work, temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization has been posted to the reserve.

Capital remittance reserve

(R.S.Q., c. A-3, s. 28)

As of 1981, the Commission offers claimants receiving monthly pensions under a certain amount whose payments began prior to January 1, 1979 the option of a partial capital remittance.

The difference between capital so remitted and that already capitalized to the Accident Fund mathematical reserve is posted to the reserve for this program.

This special reserve serves to cover administrative expenses relative to refund operations as well as funding rehabilitation programs the Commission offers claimants who cannot take advantage of a capital refund but who can be brought back into the work force.

Special Disaster Fund reserve

With the objective of freeing certain types of employers from the prohibitive cost of accidents, a portion of such costs above a maximum set by the Commission is charged to the reserve for the Special Disaster Fund.

g) Accident costs for the year

These costs are determined on actuarial bases and represent the current value of outlays for accidents which occurred during the year covered by the financial statements. They do not include the cost of programs for evaluating inability to return to work, deferred to subsequent fiscal years.

h) Claims against third parties

When claim payments are collected from third parties found liable for work accidents, they are posted to the mathematical reserve against outlays.

3 - ACCOUNTING CHANGE

Prior to the 1982 fiscal year, the total of charges deferred to subsequent fiscal years was amortized according to the annuity method at an 8% rate through the year 2005.

The Commission has decided to postpone the amortization of that portion of deferred charges relative to programs for evaluating inability to return to work, temporary rehabilitation indemnities for employment search, for training or psychosocial treatment and for economic or social stabilization, along with interest, until 1985.

The impact for fiscal 1982 of this accounting change is to reduce expenditures by \$13 362 000 and, correspondingly, that of surplus expenditure over revenue.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS (cont'd)

4 - PREMIUMS AND OTHER ACCOUNTS RECEIVABLE

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS) (Note 16)
Premiums receivable	82 453	48 148
Estimated accrued premium revenue		58 325
Receivable from the Government for inspection and prevention	1 177	11 405
Other	10 331	9 098
	<u>93 961</u>	<u>126 976</u>
Less:		
Allowance for bad debts	17 000	6 500
	<u>76 961</u>	<u>120 476</u>

6 - SELLING PRICE BALANCE

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Secured by first mortgages at 7½%:		
Payable in annual installments of \$403 085 due December 31, 1998	3 651	3 767
Payable in annual installments of \$1 454 705 due December 31, 2006	15 977	
	<u>19 628</u>	<u>3 767</u>

5 - FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC*

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Individual Fund deposits		
Participation deposits at adjusted value, (realization value, 1982: \$1 408 766; 1981: \$ 813 550, units, 1982: 1 437 587; 1981: 1 087 614)	1 447 856	1 087 614
General Fund deposits		
Participation deposits at cost plus a proportional share of the general reserve (realization value, 1982: \$49 748; 1981: \$41 898; units, 1982: 62 177; 1981: 62 177)	53 796	53 638
Demand deposits	3 628	4 435
Portfolio under management		
Bonds at amortized cost (realization value, 1982: \$95 730; 1981: \$84 392 par value, 1982: \$114 097; 1981: \$123 343)	112 234	121 170
Revenue accrued and receivable	32 466	138 791
	<u>1 649 980</u>	<u>1 405 648</u>

* Term deposits with the Caisse de dépôt et placement du Québec are posted to the item Cash and short-term deposits (1982: \$45 million; 1981: \$35 million).

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS (conf'd)

7 - FIXED ASSETS

	1982		1981
	Cost	Accumulated Depreciation	Net
	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)
Land	719		2 309
Buildings	8 736	2 304	21 083
Furnishings and equipment	12 542	3 229	8 628
Rolling-stock	376	207	231
Leasehold improvements	1 004	493	498
Computer equipment	4 130	826	
Telecommunications systems	36	7	
	<u>27 543</u>	<u>7 066</u>	<u>32 749</u>

8 - SYSTEMS DEVELOPMENT

	Cost	Accumulated Depreciation	Net
	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)
Computer systems development	<u>11 715</u>	<u>2 343</u>	<u>9 372</u>

9 - DEFERRED CHARGES

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Change in 1975 to the valuation base of the Accident Fund mathematical reserve	304 260	304 260
Changes made in 1979 to the capitalized value of certain pensions and the review of actuarial assumptions	20 179	20 179
	<u>324 439</u>	<u>324 439</u>
Accumulated amortization	<u>(24 787)</u>	<u>(20 230)</u>
	<u>299 652</u>	<u>(304 209)</u>
Cost of programs related to inability to return to work		
- 1981	62 610	62 610
- 1982	78 938	
	<u>141 548</u>	<u>62 610</u>
Accumulated amortization	<u>(856)</u>	<u>(856)</u>
	<u>140 692</u>	<u>61 754</u>
Interest on deferred charges for programs related to inability to return to work		
	<u>11 256</u>	
	<u>151 948</u>	<u>61 754</u>
	<u>451 600</u>	<u>365 963</u>

Note 2 (e) provides further details on charges deferred to subsequent fiscal years.

10 - LIABILITIES TOWARD CLAIMANTS - ACCIDENT FUND

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Mathematical reserve of the Accident Fund	2 333 570	2 026 009
Capital remittance reserve	12 107	267
Special Disaster Fund reserve	6 764	5 453
	<u>2 352 441</u>	<u>2 031 729</u>
(a) Continuity of the Accident Fund mathematical reserve		
	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Balance at the beginning	2 026 009	1 671 180
Accident costs:		
Charged to the year's operations	582 247	525 134
Transferred to deferred charges	78 938	62 610
	<u>661 185</u>	<u>587 744</u>
Capitalized interest:		
Charged to the year's operations	214 817	201 665
Transferred to deferred charges	11 256	
	<u>226 073</u>	<u>201 665</u>
Net outlays for the year	<u>(567 790)</u>	<u>(434 313)</u>
Paid-up capital transferred to the capital remittance reserve	(11 907)	(267)
Balance at year-end	<u>2 333 570</u>	<u>2 026 009</u>
(b) Continuity of the capital remittance reserve		
	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Balance at the beginning	267	
Transferred from the Accident Fund mathematical reserve	11 907	267
Capitalized interest	598	
	<u>12 505</u>	<u>267</u>
Economic and social stabilization programs	(63)	
Administrative expenses	(602)	
	<u>(665)</u>	
Balance at year-end	<u>12 107</u>	<u>267</u>
(c) Continuity of the Special Disaster Fund reserve		
	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
Balance at the beginning	5 453	4 386
Charged to operations for increasing the reserve	3 172	2 859
Assigned to reduce the cost of accidents	(1 861)	(1 792)
Balance at year-end	<u>6 764</u>	<u>5 453</u>

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS (cont'd)

11 - ACCIDENT FUND SHORTFALL AND FINANCING

	1982	1981		1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)		(\$ THOUSANDS)	(\$ THOUSANDS)
On the books at December 31st:			Less:		
Charges deferred to subsequent fiscal years, less amortization (Note 9)	451 600	365 963	Deferred charges - systems development	11 715	
Deficit (surplus)	39 561	(18 248)		116 734	103 619
	491 161	347 715			
Unrecorded at December 31st:			Assigned charges:		
Balance owed on pension plan for past service (Note 12)	46 244	47 094	Gouvernement du Québec		
	537 405*	394 809*	* inspection costs	17 577	13 086
			* administering the Crime Victims Compensation Act and the Act to promote good citizenship	1 706	1 233
			Employers held liable for benefit payments and administrative expenses	1 529	2 101
			Capital remittance reserve	602	
			Régie de l'assurance-auto-mobilité du Québec		937
				21 414	17 357
				95 320	86 262

* As indicated above, this amount does not include the future cost of accidents that occurred before December 31, 1982 with respect to programs for evaluating inability to return to work, nor for temporary rehabilitation indemnity during employment search, for training or psychosocial treatment, or for economic and social stabilization.

According to Commission financing policy, the Accident Fund shortfall will be made good over a number of years. Notes 2 (e), 9 and 12 give further details on the shortfall and its financing.

12 - PENSION PLAN

An actuarial valuation of liabilities at December 31, 1975 for past service established the amount to be \$49 787 000. The Commission is to make 23 annual installment payments of \$4 923 000 beginning December 31, 1978 for reimbursement of all capital and interest. The balance at December 31, 1982 of this liability, not shown on the books, comes to \$46 244 000.

13 - ADMINISTRATIVE EXPENSES

	1982	1981
	(\$ THOUSANDS)	(\$ THOUSANDS)
		(Note 16)
Wages, salaries and fringe benefits	83 805	70 890
Training and upgrading	385	432
Travel	4 023	3 964
Public relations	1 122	400
Telephone, telegram, courier and postal service	5 098	3 813
Computer leasing and service	8 437	4 250
Leasing and service contracts - other	7 464	5 928
Maintenance and repair - fixed assets	2 860	3 185
Space rental (Note 14)	7 508	6 007
Printing, stationery and supplies	2 682	2 815
Insurance	55	21
Collection charges	226	176
Investigative and legal fees	160	110
Other fees	252	467
Depreciation - fixed assets	2 029	1 161
Amortization - systems development	2 343	
	126 449	103 619

14 - SPACE RENTAL

The Commission is committed at December 31, 1982 under the terms of leases for a total of \$25 400 000 (1981: \$25 760 000), with installments over the next twelve months amounting to \$6 300 000. The leases extend over a period of from one to ten years with options to renew at term. A clause provides for a review of rental charges in the event of increased operating costs or taxes.

15 - CONTINGENT LIABILITY

In early 1982, a class action was brought by an injured worker on behalf of all those who have suffered physical disability since 1932.

This injured worker filed a suit for additional compensation based on section 38.4 of the Workmen's Compensation Act (R.S.Q., c. A-3) citing grounds that compensation board as then constituted did not take into account an injured worker's ability to return to work or to be trained for another appropriate job. The Québec Court of Appeal has recently rejected the claim.

16 - COMPARATIVE FIGURES

Certain 1981 data were reclassified for purposes of the 1982 presentation.

COMMISSION DES NORMES DU TRAVAIL

R.S.Q., c. N-1.1 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Commission des normes du travail as at December 31, 1982 and the statement of revenue, expenditure and surplus for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Commission at March 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year, after making the change to the recording of leasing charges on computer equipment, with which Note 3 deals, retroactive.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, May 25, 1983.

COMMISSION DES NORMES DU TRAVAIL

R.S.Q., c. N-1.1 and amendments

BALANCE SHEET
as at March 31, 1983

	1983	1982 (Note 10)
ASSETS		
Cash	137 285 \$	445 284 \$
Term deposits	30 350 000	23 300 000
Levies receivable from employers	739 289	925 483
Other accounts receivable	54 311	56 499
Accrued interest	411 876	275 857
Bond investments (Note 4)	2 526 597	2 524 684
Fixed assets (Note 5)	785 782	808 821
Equipment under capital lease (Note 6)	517 330	646 662
	<u>35 522 470 \$</u>	<u>28 983 290 \$</u>
LIABILITIES		
Accounts payable and accrued charges	1 015 038 \$	1 410 961 \$
Claims collected for remittance to employees	282 172	94 904
Commitments under a capital lease contract (Note 7)	524 910	759 371
	<u>1 822 120</u>	<u>2 265 236</u>
SURPLUS	<u>33 700 350</u>	<u>26 718 054</u>
	<u>35 522 470 \$</u>	<u>28 983 290 \$</u>

ON BEHALF OF THE COMMISSION,

Paul-Émile BERGERON
Benoît FLEURY

COMMISSION DES NORMES DU TRAVAIL

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1983

	1983	1982 (Note 10)
REVENUE		
Levies	23 675 332 \$	23 621 533 \$
Interest on deposits and investments	2 862 155	3 152 600
Other revenue	152 531	139 400
	<u>26 690 018</u>	<u>26 913 533</u>
EXPENDITURE		
Wages, salaries and fringe benefits	12 389 681	10 084 445
Professional services	1 469 775	587 176
Travel	762 855	760 930
Rent and upkeep	1 182 576	905 511
Data processing	390 070	758 405
Advertising and public relations	379 139	152 227
Forms, publications and printing	256 748	425 961
Stationery and supplies	110 900	76 782
Telephone, telegram and postal service	518 074	382 665
Bad debts	104 325	122 526
Interest under capital lease	125 559	39 939
Other	12 939	27 061
Depreciation of fixed assets	278 081	356 943
	<u>17 980 722</u>	<u>14 680 571</u>
SURPLUS REVENUE OVER EXPENDITURE		
EXCLUDING THE FOLLOWING ITEM:		
Contribution to the Civil Service Superannuation Plan for past service (Note 8)	8 709 296	12 232 962
	<u>1 727 000</u>	<u>1 727 000</u>
SURPLUS REVENUE OVER EXPENDITURE	6 982 296	10 505 962
SURPLUS AT THE BEGINNING	26 718 054	16 212 092
SURPLUS AT YEAR-END	<u>33 700 350 \$</u>	<u>26 718 054 \$</u>

COMMISSION DES NORMES DU TRAVAIL

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND ACTIVITY

Constituted a corporation within the meaning of the Civil Code under the Workmen's Compensation Act, the Commission des normes du travail has all the usual powers of a corporation. It has been charged with overseeing the implementation and application of occupational standards. More specifically, it is responsible for making the public aware of job standards, seeing that the standards are put into practice and forward any recommendations on the matter to the minister responsible. The Commission has the duty of hearing the claims filed by employees and awarding compensation under the Act and its regulations.

2 - ACCOUNTING POLICIES

The Commission's financial statements were prepared according to the accrual method within the bounds of accounting practice summarized as follows:

Bond investments

Investments in bonds are recorded at amortized cost.

Fixed assets

Fixed assets are shown at acquisition cost and depreciation on them is charged using the diminishing balance method at the following annual rates:

	Rate	Method
Equipment	20%	Accumulated Depreciation
Furniture	10%	Accumulated Depreciation
Rolling-stock	30%	Accumulated Depreciation

Leasehold improvements are depreciated over the length of the lease.

Capital lease

Depreciation is charged on equipment held under capital lease according to the diminishing balance method at a rate of 20%. Commitments under such a contract are recorded according to the current value of capital payments.

Levies

Revenue from levies is entered on the books after receipt of employers' yearly reports and upon claim assessments on employers following Commission investigation.

3 - ACCOUNTING CHANGE

During the fiscal year, the Commission made a retroactive change to the recording of leasing charges on computer equipment, formerly considered as data processing expense.

Equipment rented under capital lease is now posted to assets and the corresponding commitment is shown as a liability.

The effect of this accounting change is to increase surplus revenue over expenditure by \$105 129 and reduce the corresponding entry by \$112 709 for the previous fiscal year.

4 - BOND INVESTMENTS

Investments in bonds are shown at amortized cost with a realization value of \$2 095 000 (1982: \$1 629 000).

5 - FIXED ASSETS

	1983		1982	
	Accumulated Cost Depreciation		Net	Net
Equipment	232 118 \$	116 450 \$	115 668 \$	112 257 \$
Furniture	581 025	223 224	357 801	321 708
Rolling-stock	7 623	3 888	3 735	13 111
Leasehold improve- ments	507 618	199 040	308 578	361 745
	<u>1 328 384 \$</u>	<u>542 602 \$</u>	<u>785 782 \$</u>	<u>808 821 \$</u>

6 - EQUIPMENT HELD UNDER CAPITAL LEASE

	1983		1982	
	Accumulated Cost Depreciation		Net	(Note 10) Net
Computer equipment	808 328 \$	290 998 \$	517 330 \$	646 662 \$

7 - COMMITMENTS UNDER CAPITAL LEASE

Minimal payments for the coming years under the terms of a capital lease contract that expires September 30, 1984 and the commitment balance:

	1983	1982
		(Note 10)
Fiscal year ended:		
March 31, 1983		360 020 \$
March 31, 1984	418 811 \$	418 811 \$
March 31, 1985	170 224 \$	170 224 \$
	<u>589 035</u>	<u>949 055</u>
Less: Interest and ancillary charges	64 125	189 684
Commitment balance	<u>524 910 \$</u>	<u>759 371 \$</u>

8 - UNRECORDED LIABILITY - CIVIL SERVICE SUPERANNUATION PLAN

The actuarial liability for the cost of service prior to December 31, 1977 has been established at \$17 469 000. The Commission has begun making payments on this amount in 22 yearly installments of \$1 727 000 as of December 31, 1978, with a final payment of \$1 751 700 that includes capital and interest. At March 31, 1983, the balance of this unrecorded liability was \$16 228 200.

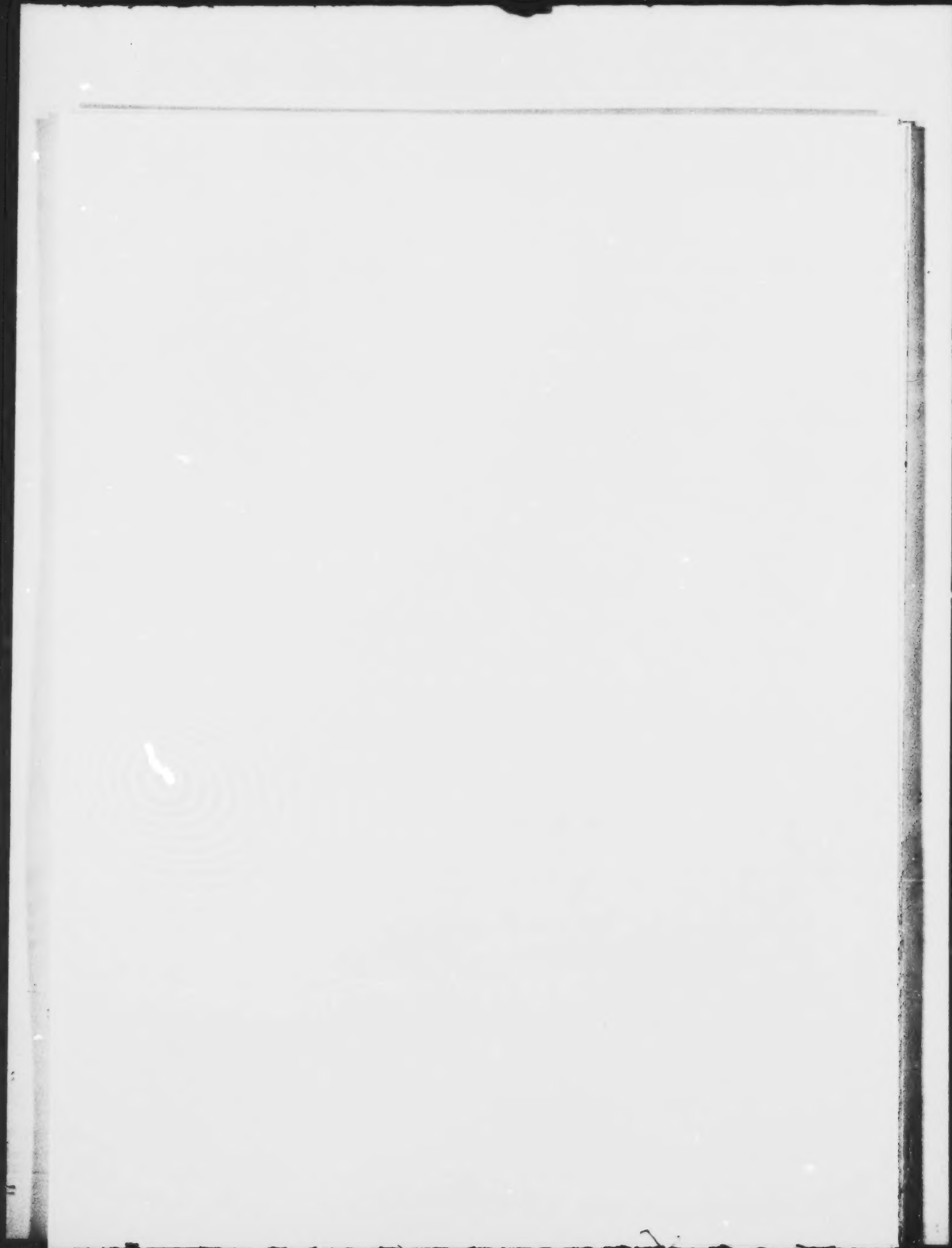
9 - COMMITMENTS

At March 31, 1983 minimal commitments under the terms of leases for space rental detail as follows:

1984	1985	1986	1987	1988
833 697 \$	789 612 \$	785 446 \$	704 887 \$	281 915 \$

10 - COMPARATIVE FIGURES

Certain data from the 1982 financial statements were reclassified for purposes of the 1983 presentation or to reflect the change to the accounting of leasing charges on computer equipment, with which Note 3 deals.



COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14 and amendments

AUDITOR'S REPORT

To board members,
Commission des services juridiques

We have examined the consolidated balance sheet of the Commission des services juridiques as at March 31, 1983 and the consolidated statement of revenue and expenditure as well as that of accumulated revenue, reserve, use of grants and consolidated outlays and expenditures for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the consolidated financial position of the Commission des services juridiques and of its regional and local corporations at March 31, 1983 as well as their operating results and use of grants for the fiscal year then ended, according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

MAHEU, NOISEUX
Chartered Accountants.

Montréal, May 17 1983.

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14 and amendments

CONSOLIDATE BALANCE SHEET
as at March 31, 1983

	1983	1982
ASSETS		
ADMINISTRATION FUND		
CURRENT ASSETS		
Cash	941 189 \$	518 589 \$
Accrued interest	7 763	15 715
Accounts receivable, Professional Liability Fund		24 900
Accounts receivable, Fire and Theft Fund		6 837
Other accounts receivable	48 158	221 458
Grant receivable — Gouvernement du Québec (s. 52)	938 958	
Advances	14 925	35 744
Prepaid expenses	22 291	17 152
	<u>1 973 284 \$</u>	<u>840 395 \$</u>
PROFESSIONAL LIABILITY FUND		
Cash	11 110 \$	14 148 \$
Accrued interest	13 890	15 752
Investments (Note 2)	225 000	245 000
	<u>250 000 \$</u>	<u>274 900 \$</u>
FIRE AND THEFT FUND		
Cash	11 838 \$	15 674 \$
Accrued interest	3 162	2 966
Investments (Note 2)	60 000	60 000
	<u>75 000 \$</u>	<u>78 640 \$</u>
	<u>2 298 284 \$</u>	<u>1 193 935 \$</u>

ON BEHALF OF THE COMMISSION,

Yves LAFONTAINE,
ChairmanDenis BOUCHARD,
Vice-chairman

COMMISSION DES SERVICES JURIDIQUES

R.S.Q., c. A-14 and amendments

CONSOLIDATED BALANCE SHEET
as at March 31, 1983

	1983	1982
LIABILITIES		
ADMINISTRATION FUND		
CURRENT LIABILITIES		
Bank indebtedness	1 300 000 \$	
Accounts payable and accrued charges	482 108	414 016 \$
At-source deductions on employee earnings	17 094	62 104
Commitments	62 887	161 877
Grant collected in advance (s. 52)		271 673
Deferred revenue		3 477
	1 862 089	913 147
WAGES AND SALARIES PAYABLE	86 195	86 195
	1 948 284	999 342
EQUITY (DEFICIT)		
ACUMULATED REVENUE (DEFICIT)		(159 396)
RESERVE FOR SPECIAL PROJECTS	25 000	449
	25 000	(158 947)
	1 973 284 \$	840 395 \$
PROFESSIONAL LIABILITY FUND		
Owed the Administration Fund		24 900 \$
EQUITY		
Reserve	250 000 \$	250 000
	250 000 \$	274 900 \$
FIRE AND THEFT FUND		
Owed the Administration Fund		6 837
EQUITY		
Reserve	75 000 \$	71 803 \$
	75 000 \$	78 640 \$
	2 298 284 \$	1 193 935 \$

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1983

	Operations		Private Practice (s. 52)		Total	
	1983	1982	1983	1982	1983	1982
REVENUE						
Regular grant	33 453 800 \$	29 917 000 \$	17 366 400 \$	15 362 800 \$	50 820 200 \$	45 279 800 \$
Grant from prior year (in advance)			271 673	(271 673)	271 673	(271 673)
	33 453 800	29 917 000	17 638 073	15 091 127	51 091 873	45 008 127
EXPENDITURE						
	33 426 150	30 758 905	19 207 728	15 091 127	52 633 878	45 850 032
Accrued bank interest for private practice payments (s. 52)		44 951				44 951
	33 426 150	30 803 856	19 207 728	15 091 127	52 633 878	45 894 983
	27 650	(886 856)	(1 569 655)		(1 542 005)	(886 856)
OTHER REVENUE						
Sale of furniture		6 257				6 257
Case fees	304 191	248 601			304 191	248 601
Interest	418 848	314 011			418 848	314 011
Other	33 150	127 376			33 150	127 376
Transfer from the Professional Liability Fund reserve	31 254	31 215			31 254	31 215
	787 443	727 460			787 443	727 460
	815 093	(159 396)	(1 569 655)		(754 562)	(159 396)
Transfer of accumulated operations revenue to private practice (s. 52)	(630 697)		630 697			
Grant claimed			938 958		938 958	
SURPLUS REVENUE OVER EX- PENDITURE (EXPENDITURE OVER REVENUE)						
	184 396 \$	(159 396) \$	- \$	- \$	184 396 \$	(159 396) \$

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF ACCUMULATED REVENUE
for the fiscal year ended March 31, 1983

	1983	1982
BALANCE (DEFICIT) AT THE BEGINNING	(159 396)\$	
Surplus revenue over expenditure (expenditure over revenue)	184 396	(159 396)\$
	25 000	(159 396)
Reserve for special projects	(25 000)	
BALANCE (DEFICIT) AT YEAR-END	<u><u>- \$</u></u>	<u><u>(159 396)\$</u></u>

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF RESERVE
for the fiscal year ended March 31, 1983

	1983	1982
SPECIAL PROJECTS		
Balance at the beginning	449 \$	91 545 \$
Creation of the reserve from accumulated revenue	25 000	
	<u>25 449</u>	<u>91 545</u>
Expenditure		
Furniture and equipment		36 500
Other projects	449	54 596
	<u>449</u>	<u>91 096</u>
Balance at year-end	<u>25 000 \$</u>	<u>449 \$</u>
PROFESSIONAL LIABILITY FUND		
Balance at the beginning	250 000 \$	250 000 \$
Revenue		
Interest	32 754	31 715
	<u>282 754</u>	<u>281 715</u>
Expenditure	1 500	500
	<u>281 254</u>	<u>281 215</u>
Transfer to the Administration Fund	31 254	31 215
Balance at year-end	<u>250 000 \$</u>	<u>250 000 \$</u>
FIRE AND THEFT FUND		
Balance at the beginning	71 803 \$	75 000 \$
Revenue		
Administration Fund contribution	719	
Interest	8 211	8 042
	<u>80 733</u>	<u>83 042</u>
Expenditure	5 733	11 239
Balance at year-end	<u>75 000 \$</u>	<u>71 803 \$</u>

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF GRANT USE
for the fiscal year ended March 31, 1983

			1983
BANK BALANCE AT THE BEGINNING			518 589 \$
RECEIPTS			
Government grant		50 820 200 \$	
Interest	418 848 \$		
Plus: Accrued interest to April 1, 1982	15 715		
	<u>434 563</u>		
Less: Accrued interest to March 31, 1983	(7 763)	426 800	
Case fees		304 191	
Other revenue		33 150	
Transfer from Professional Liability Fund		31 254	
Decrease in accounts payable, Professional Liability Fund		24 900	
Decrease in accounts payable, Fire and Theft Fund		6 837	
Decrease in other accounts payable		173 300	
Decrease in advances		20 819	
Bank borrowing		<u>1 300 000</u>	
			<u>53 141 451</u>
			53 660 040
OUTLAYS			
Operations and private practice	52 709 786		
Reserve for special projects	449		
Decrease in deferred revenue	3 477		
Increase in prepaid expenses	<u>5 139</u>		
			<u>52 718 851</u>
BANK BALANCE AT YEAR-END			<u><u>941 189 \$</u></u>

COMMISSION DES SERVICES JURIDIQUES

CONSOLIDATED STATEMENT OF OUTLAYS AND EXPENDITURE
for the fiscal year ended March 31, 1983

OPERATIONS	Outlays	Less:	Plus:	Expenditure
		Accounts Payable and Charges Accrued to April 1, 1982	Accounts Payable and Charges Accrued to March 31, 1983	
Board meetings	73 332 \$	2 198 \$	1 916 \$	73 050 \$
Rent, taxes and permits	2 182 198	68 982	115 423	2 228 639
Telephone	859 644	112 592	97 979	845 031
Electricity	41 815	1 522	1 969	42 262
Postal service	252 866	4 795	4 134	252 205
Stationery and supplies	511 359	24 681	35 436	522 114
Other administrative expenses	204 769	4 307	10 723	211 185
Professional fees	436 170	176 654	62 448	321 964
Upkeep and repair	138 474	8 658	4 322	134 138
Office furniture and equipment	239 906	42 370	60 126	257 662
Travel	595 616	20 390	30 815	606 041
Library	174 256	6 303	8 449	176 402
Professional training	162 138	7 882	6 667	160 923
Paymaster and data processing	191 866	4 623	1 051	188 294
Review committee	38 343	438	600	38 505
Information and public education	219 270	3 365	2 623	218 528
Research	79 778	5 998	6 942	80 722
Account approval	70 609	4 160	211	66 660
Community legal services of Pointe St-Charles and Petite Bourgogne Inc.	381 704	233	1 510	382 981
Contribution to Fire and Theft Fund	719			719
	6 854 832	500 151	453 344	6 808 025
Salaries and fringe benefits:				
Lawyers	15 245 253	36 226	18 634	15 227 661
Others	9 840 468	27 435	9 116	9 822 149
	25 085 721	63 661	27 750	25 049 810
Outlays, civil suits	1 335 862	64 971	66 395	1 337 286
Outlays, criminal cases	225 643	9 214	14 600	231 029
	1 561 505	74 185	80 995	1 568 315
	33 502 058	637 997	562 089	33 426 150
Private practice (s. 52)				
Legal fees, civil suits	9 124 514			9 124 514
Legal fees, criminal cases	6 502 473			6 502 473
Notary fees	1 353 869			1 353 869
	16 980 856			16 980 856
Outlays, civil suits	1 562 324			1 562 324
Outlays, criminal cases	479 839			479 839
Outlays, notaries	52 264			52 264
	2 094 427			2 094 427
Interest	132 445			132 445
	19 207 728			19 207 728
	52 709 786 \$	637 997 \$	562 089 \$	52 633 878 \$

COMMISSION DES SERVICES JURIDIQUES

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - MAJOR ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Commission des services juridiques and the following regional entities:

Centre communautaire juridique de Montréal
Centre communautaire juridique des Laurentides
Centre communautaire juridique de la Rive-Sud
Centre communautaire juridique de Québec
Centre communautaire juridique de l'Outaouais
Centre communautaire juridique de l'Estrie
Centre communautaire juridique du Saguenay - Lac St-Jean
Centre communautaire juridique de la Mauricie - Bois-Francs
Centre communautaire juridique du Bas St-Laurent - Gaspésie
Centre communautaire juridique de la Côte-Nord
Centre communautaire juridique de l'Abitibi - Témiscamingue as well as that of the Clinique juridique populaire de Hull Inc., in the Outaouais region

The financial statements

The financial statements were drawn up according to generally recognized accounting principles, with the exception of what follows:

Private practice (s. 52)

Private practice legal fees, costs and interest charges are recorded on a cash basis and posted to operations accordingly.

Case fees

Revenue from case fees is recorded on a cash basis.

Fixed assets

The Commission does not have a fixed assets fund. Consequently, the acquisition of fixed assets is charged to the year's operating expenditure and budgeted accordingly.

Employee remuneration

Regular wages and salaries of employees of the Commission des services juridiques and of regional corporations are recorded on a cash basis.

Transfers

Under Commission by-laws, the Professional Liability Fund reserve cannot exceed \$250 000 and that of the Fire and Theft Fund, \$75 000. When the limit is reached, any amount in excess must be transferred to Administration Fund revenue and expenditure.

2 - INVESTMENTS

	1983	1982
Professional Liability Fund		
Funds invested in deposit certificates with the Société d'hypothèque Procan	225 000 \$	245 000 \$
Fire and Theft Fund		
funds invested in deposit certificates with the Société d'hypothèque Procan	60 000 \$	60 000 \$

3 - COMMITMENTS

Private practice legal fees, costs and interest (s. 52)

Commitments toward professionals in private practice amounted to around \$20 000 000 at March 31, 1983 and detail as follows:

Year	Estimated Commitments			Amount total
	Civil suits	Criminal cases	Notaries services	
1973-1979	375 000 \$	100 000 \$	25 000 \$	500 000 \$
1979-80	825 000	150 000	25 000	1 000 000
1980-81	1 600 000	325 000	75 000	2 000 000
1981-82	3 200 000	1 100 000	200 000	4 500 000
1982-83	7 000 000	4 325 000	675 000	12 000 000
	13 000 000 \$	6 000 000 \$	1 000 000 \$	20 000 000 \$

The Commission assumes contingent liabilities arising from commitments toward professionals in private practice on the part of the Centres communautaires juridiques through the 1973-1979 period. The Commission estimates the liability at \$500 000.

The Commission has also determined estimated commitments made after March 31, 1979.

Leases

Under the terms of leasing agreements expiring between April 30, 1983 and April 30, 1988, the Commission and regional corporations are committed to make total minimal payments of \$4 435 179 during that period. Payments during the coming fiscal years detail as follows: 1984, \$1 329 565; 1985, \$1 190 059; 1986, \$988 103; 1987 \$528 090 and 1988, \$378 565.

4 - COMPARATIVE FIGURES

Certain items from the previous year were changed for purposes of the current presentation.

CORPORATION D'HÉBERGEMENT DU QUÉBEC**AUDITORS' REPORT**

I have examined the balance sheet of the Corporation d'hébergement du Québec as at March 31, 1983 and the statement of financing and debt service, that of equity and that of financial activities for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Corporation at March 31, 1983 as well as its operating results and financial activities for the fiscal year then ended, according to the accounting policies in Note 4, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, September 19, 1983

CORPORATION D'HÉBERGEMENT DU QUÉBEC**BALANCE SHEET**
as at March 31, 1983

	1983	1982
ASSETS		
Fixed assets		
Land	13 994 870 \$	13 670 173 \$
Buildings		
Completed projects	256 512 839	218 430 372
Projects under way	12 802 359	35 260 904
Furniture and equipment	5 040 343	10 145 592
	<u>286 350 411</u>	<u>277 507 041</u>
Subsidies		
receivable from the Government		
(Note 5)	9 604 323	8 048 874
Accounts receivable	145 653	645 748
	<u>298 100 387 \$</u>	<u>286 201 663 \$</u>
LIABILITIES		
Long-term debt (Note 6)	245 218 324 \$	216 310 529 \$
Bank indebtedness	10 178 000	25 016 000
Outstanding cheques less cash	83 879	449 894
Accounts payable, including contract holdbacks	1 015 005	3 513 015
Accrued interest	11 920 118	10 389 910
	<u>268 415 326</u>	<u>255 679 348</u>
EQUITY	29 685 061	30 522 315
	<u>298 100 387 \$</u>	<u>286 201 663 \$</u>

ON BEHALF OF THE BOARD,
 Pierre A. BERNIER
 Roland LETARTE

CORPORATION D'HÉBERGEMENT DU QUÉBEC**FINANCING AND DEBT SERVICE**
for the fiscal year ended March 31, 1983

	<u>1983</u>	<u>1982</u>
DEBT SERVICE		
Interests on long-term debt		
Bonds	20 316 750 \$	11 388 263 \$
Canada Mortgage and Housing Corporation	5 082 586	5 007 628
Société d'habitation du Québec	1 536 255	1 524 031
Other	1 820 694	1 207 032
	<u>28 756 285 \$</u>	<u>19 126 954 \$</u>
FINANCING		
Subsidies from the Government	<u>28 756 285 \$</u>	<u>19 126 954 \$</u>

CORPORATION D'HÉBERGEMENT DU QUÉBEC

EQUITY

for the fiscal year ended March 31, 1983

	Operations for fiscal 1982	Balance at March 31, 1982	Operations for fiscal 1983	Balance at March 31, 1983
CONTRIBUTED CAPITAL				
Subsidies from the Government				
Acquisition of furniture and equipment	4 416 687 \$	9 838 150 \$	3 232 792 \$	13 070 942 \$
Acquisition of buildings	1 017 378	3 493 968	512 267	4 006 235
Capital reimbursement on long-term debt	1 095 165	2 858 326	3 977 375	6 835 701
Bonds interest capitalized to buildings	920 449	1 187 118		1 187 118
	7 449 679	17 377 562	7 722 434	25 099 996
Canada Mortgage and Housing Corporation Debt forgiveness				
on 10% of loans granted	340 825	6 942 270		6 942 270
Surplus estimated worth of buildings over cost of acquisition	14 357 484	16 993 857	106 257	17 100 114
Furniture and equipment given to local housing corporations			(8 378 014)	(8 378 014)
Other		40 000		40 000
	22 147 988	41 353 689	(549 323)	40 804 366
OPERATIONS OTHER THAN DEBT SERVICING (note 7)	2 557 477	10 831 374	287 931	11 119 305
	<u>19 790 511 \$</u>	<u>30 522 315 \$</u>	<u>(837 254) \$</u>	<u>29 685 061 \$</u>

CORPORATION D'HÉBERGEMENT DU QUÉBEC

FINANCIAL ACTIVITIES

for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Long-term debt		
Bonds	31 100 000 \$	42 700 000 \$
Canada Mortgage and Housing Corporation		3 408 250
Société d'habitation du Québec		573 070
Other	2 100 200	17 142 641
	<u>33 200 200</u>	<u>63 823 961</u>
Contributed capital from the Government	7 722 434	7 449 680
Increase in accrued interest	1 530 208	2 141 425
Decrease in accounts receivable	500 095	(385 467)
	<u>42 952 937 \$</u>	<u>73 029 599 \$</u>
APPLICATION OF FUNDS		
Fixed assets	19 221 384 \$	72 997 044 \$
Less: Surplus estimated worth of buildings over cost of acquisition	<u>106 257</u>	<u>14 357 484</u>
	<u>19 115 127</u>	<u>58 639 560</u>
Payments on long-term debt		
Bonds	3 050 000	550 000
Canada Mortgage and Housing Corporation	112 033	74 126
Société d'habitation du Québec	46 605	40 515
Other	1 083 766	430 525
	<u>4 292 404</u>	<u>1 095 166</u>
Operations other than debt servicing	<u>287 931</u>	<u>2 357 477</u>
Decrease in bank indebtedness	14 838 000	9 984 000
Increase in subsidies receivable from the Government	1 555 449	3 152 226
Decrease in accounts payable	2 498 010	4 156 957
Decrease in outstanding cheques less cash	<u>366 016</u>	<u>(6 355 787)</u>
	<u>19 257 475</u>	<u>10 937 396</u>
	<u>42 952 937 \$</u>	<u>73 029 599 \$</u>

CORPORATION D'HÉBERGEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

at March 31, 1983

1 - CONSTITUTION AND PURPOSE

A non-profit corporation created September 12, 1974 under the Companies Act, the Corporation d'hébergement du Québec, has been charged with acquiring, erecting, renovating, holding, administering, maintaining, repairing, renting and disposing of furniture and buildings either used or for use by establishments and regional councils within the meaning of the Act respecting health services and social services.

2 - ROLE

The Corporation's role is essentially to ensure that the projects of which it has been put in charge by the ministère des Affaires sociales are brought to completion; the Corporation is also responsible for their financing.

The Corporation rents buildings to social service establishments designated by the ministère des Affaires sociales, who then operate these under the terms of a lease which typically stipulates that the tenant must assume full responsibility for the building, including even that normally incumbent on the lessor, such as major repairs, upkeep and insurance.

The Corporation occasionally acquires buildings in the context of ministère des Affaires sociales withdrawal policy aimed at integrating private establishments.

3 - FINANCING

(a) Fixed assets

Long-term financing for capital spending by the Corporation on the construction of fixed assets comes in large part from the issuing of bonds, whose debt servicing is fully covered by Government subsidies. The Corporation resorts to bank borrowings for interim financing of construction.

Projects must receive the prior approval of the Government and be carried out within the financial limits it sets.

(b) Furniture and equipment

The cost of furniture and equipment for reception centres is covered by specific ministère des Affaires sociales grants.

(c) Expenditure assumed by the Government

Staff and support services such as telephone service, office space, furniture and supplies are placed at the disposal of the Corporation by the ministère des Affaires sociales. Such expenditure is not shown on Corporation financial statements since it is assumed by various Government departments.

4 - ACCOUNTING POLICIES

Corporation financial statements were prepared by management on the accrual basis, within the bounds of accounting practice summarized as follows:

(a) Fixed assets

Buildings are usually recorded at cost except where acquired for consideration other than market value, in which case they are entered at the higher of acquisition cost and municipal valuation. Interest, calculated at the average rate for the month on interim borrowings over total expenditure on construction cumulative to the end of the month is capitalized to buildings as financing charges. Capitalization of interest to the cost of a project ceases the first of the month that follows the ninety-day period from the date of provisional acceptance.

Depreciation is not charged on fixed assets.

(b) Government subsidies

Subsidies from the Government to cover interest on debt are recorded on the accrual basis while those for the acquisition of fixed assets and capital payments on long-term debt are entered on a cash basis.

5 - SUBSIDIES RECEIVABLE FROM THE GOVERNMENT

	1983	1982
Subsidies receivable over the following:		
Interest on long-term debt		
Bonds	6 350 053 \$	4 633 323 \$
Canada Mortgage and Housing Corporation	3 384 416	3 391 188
Société d'habitation du Québec	287 538	290 401
Other	572 644	535 389
Payments made in advance by the Government	(1 104 974)	(877 996)
	<u>9 489 677</u>	<u>7 972 305</u>
Cost of projects not carried through	114 646	76 569
	<u>9 604 323 \$</u>	<u>8 048 874 \$</u>

CORPORATION D'HÉBERGEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

6 - LONG-TERM DEBT

	1983	1982
Bonds		
guaranteed by		
Government subsidies		
10½% to 17½% annual		
interest, maturing from		
1981 through 1996	139 525 000 \$	111 475 000 \$
Canada Mortgage and		
Housing Corporation		
Loans, payable in advance		
without penalty and		
guaranteed by		
Government subsidies,		
8% annual interest, due from		
2028 through 2032	62 257 543	62 369 577
Société d'habitation du		
Québec		
Mortgage loans, payable in		
advance without penalty		
and guaranteed by		
Government subsidies		
6½% and 8% annual interest,		
due from 2019 through 2029	19 103 106	19 149 711
Notes and selling		
price balance,		
Guaranteed by		
Government subsidies,		
3½% to 12% annual interest,		
due from 1992		
through 2006	24 332 675	23 316 241
	<u>245 218 324 \$</u>	<u>216 310 529 \$</u>

Installment capital payments on long-term borrowings over the next five years detail as follows:

1984	23 272 789 \$
1985	5 680 198
1986	6 411 975
1987	43 801 819
1988	2 746 083

7 - OPERATIONS OTHER THAN DEBT SERVICING

	Operations for fiscal 1982	Balance at March 31, 1982	Operations for fiscal 1983	Balance at March 31, 1983
Cost of projects not carried through		777 541 \$	277 366 \$	1 054 907 \$
Subsidies from the Government		(777 541)	(277 366)	(1 054 907)
Interest on interim financing not capitalized	1 519 182 \$	8 704 861 \$		8 704 861
Bond discount and issue charges	1 097 523	2 386 361	296 733	2 683 094
Other charges	13 285	74 363	6 223	80 586
Other revenue	(272 513)	(334 211)	(15 025)	(349 236)
	<u>2 357 477 \$</u>	<u>10 831 374 \$</u>	<u>287 931 \$</u>	<u>11 119 305 \$</u>

8 - NEW PRESENTATION

Beginning this fiscal year, the Corporation has adopted a new presentation for its annual financial statements. Debt servicing is shown on a separate statement while other operations are included in the statement on equity of the Corporation.

LE CURATEUR PUBLIC

R.S.Q., c. C-80 and amendments

AUDITOR'S REPORT

To the Minister of Finance
Hôtel du Gouvernement,
Québec

We have examined the balance sheet of the Public Curator Fund, of the Fund under Collective Management and of the Fund under Appointed Management of the Curatelle publique as at December 31, 1982 and the statements of revenue, expenditure and retained investment income for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the aforementioned funds of the Curatelle publique at December 31, 1982 as well as their operating results for the fiscal year then ended, according to widely accepted accounting policies applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR,
Chartered accountants.

Montréal, March 7, 1983.

LE CURATEUR PUBLIC

R.S.Q., c. C-80 and amendments

PUBLIC CURATOR FUND**BALANCE SHEET**

as at December 31st

	1982	1981
ASSETS		
Cash	511 419 \$	192 895 \$
Due from the Fund under Collective Management	252 008	267 423
Advances for expenses incurred	1 650	1 746
	<u>765 077 \$</u>	<u>462 064 \$</u>
LIABILITIES		
Owning the ministère des Finances		
Balance at January 1	192 895 \$	263 108 \$
Add:		
Surplus transferred from the statement of revenue and expenditure	2 161 219	1 822 695
	<u>2 354 114</u>	<u>2 085 803</u>
Less:		
Remittances for the year	1 842 695	1 892 908
Balance at December 31	511 419	192 895
Reserve for advances to wards and expenses incurred	253 658	269 169
	<u>765 077 \$</u>	<u>462 064 \$</u>

LE CURATEUR PUBLIC**PUBLIC CURATOR FUND**

REVENUE AND EXPENDITURE
for the fiscal year ended December 31

	1982	1981
REVENUE		
Fees		
Management of assets	2 338 595 \$	1 889 962 \$
Less:		
Renunciations	94 199	102 825
	2 244 396	1 787 137
Supervision of private curatorship and tutorship	49 095	42 261
	2 293 491	1 829 398
OTHER REVENUE		
Inquiry fees and miscellaneous	88 788	95 755
Interest on advances to wards	3 772	2 668
	92 560	98 423
	2 386 051	1 927 821
EXPENDITURE		
Professional fees	70 200	43 000
Legal fees — tutorship	3 442	1 293
Insurance	9 312	6 680
Publications	146 574	21 556
Other	10 815	6 471
	240 343	79 000
Surplus revenue over expenditure	2 145 708	1 848 821
Transfer to the reserve for advances to wards and expenses incurred	15 511	(26 126)
Surplus transferred to the account of the ministère des Finances	2 161 219 \$	1 822 695 \$

ACCOUNTING POLICIES

1 — Fees for handling outlays and receipts and for managing assets are recorded on the accrual basis. Fees charged on the value of the Fund under Appointed Management and, since January 1, 1974, fees on settled administrative accounts are recorded when the account statement is rendered.

2 — Private curatorship and tutorship supervisory fees are recorded on a cash basis.

LE CURATEUR PULIC

R.S.Q., c. C-80 and amendments

FUND UNDER COLLECTIVE MANAGEMENT**BALANCE SHEET**

as at December 31

	1982	1981
ASSETS		
Cash	318 584 \$	1 418 596 \$
Accounts receivable – wards	252 008	267 423
Bonds, at amortized cost, par value of \$90 417 500 in 1982 and of \$76 449 500 in 1981 (market value of \$85 192 000 and \$56 616 149)	88 519 420	74 970 789
Accrued bond interest	2 665 649	2 108 089
	<u>91 755 661 \$</u>	<u>78 764 897 \$</u>
LIABILITIES		
Owed the Public Curator Fund	252 008 \$	267 423 \$
Accounts payable	1 292	516
Deposits on purchase offers		
Assets under appointed management	217 338	226 666
	<u>470 638</u>	<u>494 605</u>
Accounts under management		
Curatorships	49 279 577	43 760 769
Unclaimed estates and miscellaneous	5 374 290	5 169 452
Settled accounts	16 004 477	13 655 833
Retained investment income	20 626 679	15 684 238
	<u>91 285 023</u>	<u>78 270 292</u>
	<u>91 755 661 \$</u>	<u>78 764 897 \$</u>

LE CURATEUR PUBLIC**FUND UNDER COLLECTIVE MANAGEMENT****RETAINED INVESTMENT INCOME**
for the fiscal year ended December 31

	1982	1981
Balance at January 1	15 684 238 \$	12 174 892 \$
REVENUE		
Bond interest	9 863 139	7 686 660
Discount amortization	270 750	163 072
	10 133 889	7 849 732
	25 818 127	20 024 624
EXPENDITURE		
Commissions on coupons and safekeeping of securities	40 017	30 525
Management fees	383 458	308 930
Loss on sale of bonds	613 796	403 420
	1 037 271	742 875
	24 780 856	19 281 749
Less		
Amount credited to wards during the year	4 154 177	3 597 511
	20 626 679 \$	15 684 238 \$
Balance at December 31		

ACCOUNTING POLICIES

1 - Interest is credited quarterly on the minimum balance of curatorship and unclaimed estates' accounts.

2 - Since January 1, 1974, fees on settled administrative accounts are recorded when the account statement is rendered.

LE CURATEUR PUBLIC

R.S.Q., c. C-80 and amendments

FUND UNDER APPOINTED MANAGEMENT**BALANCE SHEET**

as at December 31

	1982	1981
ASSETS		
Cash and term deposits	1 516 664 \$	1 748 046 \$
Bonds, at par value	2 385 800	2 396 310
Notes receivable	110 814	100 210
Shares, at market value	1 359 063	737 001
Mortgage loans	668 271	535 564
Buildings, at weighted municipal valuation		
less mortgage loans of \$2 283 039 in 1982 and		
\$1 397 337 in 1981	10 121 360	9 131 035
Chattels in storage and valuables,		
at estimated worth	304 685	299 402
Automobiles, at estimated value	164 195	232 685
	<u>16 630 852 \$</u>	<u>15 180 253 \$</u>
LIABILITIES		
Total value of assets under		
appointed management	<u>16 630 852 \$</u>	<u>15 180 253 \$</u>

ACCOUNTING POLICIES

1 - Assets are recorded when Curatelle publique jurisdiction is established and as their existence comes to light.

2 - Revenue from these assets is credited to wards on a cash basis within the Fund under Collective Management.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

R.S.Q., c. A-29.1

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'assurance-prêts agricoles et forestiers as at March 31, 1983 and the statement of change in Fonds equity for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Fonds d'assurance-prêts agricoles et forestiers at March 31, 1983 as well as the change in that position for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 3, 1983.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

R.S.Q., c. A-29.1

BALANCE SHEET

as at March 31, 1983

	1983	1982
ASSETS		
Cash	65 628 \$	60 333 \$
Accounts receivable	363 372	350 064
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits	372 911	354 285
Term deposits	1 000 000	1 200 000
Participation deposits (realization value, 1983: \$11 161 780; 1982: \$8 779 987)	11 365 511	11 365 511
	12 738 422	12 919 796
	<u>13 167 422 \$</u>	<u>13 330 193 \$</u>
FONDS EQUITY (Note 3)		
Fonds capital		
Endowment from the Government	10 000 000 \$	10 000 000 \$
Insurance premiums and debt recovery	757 804	680 026
	10 757 804	10 680 026
Accumulated net revenue	2 409 618	2 650 167
	<u>13 167 422 \$</u>	<u>13 330 193 \$</u>

INSURED LOANS (Note 4)

ON BEHALF OF THE BOARD,

Camille G. MOREAU
J. Claude SIMONEAU

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

CHANGE IN FONDS EQUITY
for the fiscal year ended March 31, 1983

	1983	1982
FONDS CAPITAL AT THE BEGINNING	10 680 026 \$	10 499 396 \$
Insurance charges	77 516	180 372
Debt recovery	262	258
FONDS CAPITAL AT YEAR-END	10 757 804	10 680 026
ACCUMULATED NET REVENUE AT THE BEGINNING	2 650 167	1 752 303
Revenue from deposits	1 503 978	1 448 385
Debt reimbursement to lenders	(1 744 527)	(550 521)
ACCUMULATED NET REVENUE AT YEAR-END	2 409 618	2 650 167
FONDS EQUITY AT MARCH 31	13 167 422 \$	13 330 193 \$

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

NOTES TO FINANCIAL STATEMENTS

at March 31, 1983

1 - CONSTITUTION AND PURPOSE

A Corporation within the meaning of the Civil Code, the Fonds d'assurance-prêts agricoles et forestiers was created under the Act respecting farm-loan insurance and forestry-loan insurance. Beginning August 1, 1978, the Fonds guarantees a lender repayment of losses in principal and interest on a farm or forestry loan granted, along with any expenditure eligible under regulations and incurred by the lender to safeguard loan guarantees or for recovering from a defaulting borrower any amount become due under the terms of a loan.

2 - ACCOUNTING POLICIES

Insurance premiums

Insurance premiums are recorded on a cash basis, when received.

Revenue from deposits

Revenue from deposits is recorded on the accrual basis.

Repayment of losses to lenders

The covering of losses on insured loans is recorded upon payment to lenders.

Administrative expenses

Fonds administrative expenses are paid out of the various departments' spending estimates and are not shown on the financial statements.

3 - FONDS EQUITY

As prescribed by the Act respecting farm-loan insurance and forestry-loan insurance, Fonds capital includes Government endowments, insurance premiums and any recovery on loan losses. Fonds commitments toward lenders are to be covered from revenue and if this proves insufficient, from that part of capital in excess of \$10 million.

Where revenue and that part of capital over \$10 million do not suffice to meet Fonds commitments, the Government is authorized to pay the sums required, at the request of the Fonds, out of the Consolidated Revenue Fund.

4 - INSURED LOANS

The capital balance owed on loans whose repayment is guaranteed by the Fonds under various Acts details as follows:

	1983	1982
Act to promote long term farm credit by private institutions (R.S.Q., c. C-75.1)	1 034 154 000 \$	917 730 000 \$
Farm Credit Act (R.S.Q., c. C-75)	25 719 000	27 307 000
Act to promote farm improvement (R.S.Q., c. A-18)	164 836 000	175 165 000
Act to promote credit to farm producers (R.S.Q., c. C-77)	55 803 000	48 271 000
Forestry Credit Act (R.S.Q., c. C-78)	34 503 000	35 096 000
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	11 705 000	18 175 000
	<u>1 326 720 000 \$</u>	<u>1 221 744 000 \$</u>

According to available information, an analysis of insured loans at March 31, 1983 projects Fonds repayment of losses to lenders in the amount of approximately \$13 million in each of the next two fiscal years and of about \$3 million for fiscal 1985-1986.

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC, F.R.S.Q.**AUDITOR'S REPORT**

To board members,
Fonds de la recherche en santé
du Québec, F.R.S.Q.

We have examined the balance sheet of the Fonds de la recherche en santé du Québec, the F.R.S.Q. as at March 31, 1983 and the statement of operating results and of surplus for the fiscal year then ended. We obtained all the information and explanations sought. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

Based on information provided to us and that shown on the books, to the best of our knowledge these statements accurately present the financial situation of the Fonds at March 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR,
Chartered Accountants

Montréal, May 10, 1983.

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC, F.R.S.Q.**BALANCE SHEET**
as at March 31, 1983

	1983	1982
ASSETS		
Cash	1 388 112 \$	865 762 \$
Term deposits	2 200 000	2 650 000
Accrued interest receivable	56 071	35 726
Grant receivable	1 870 800	
Advances		823
	<u>5 514 983 \$</u>	<u>3 552 311 \$</u>
LIABILITIES		
Scholarships and accounts payable	2 204 854 \$	2 808 094 \$
Reserve for meeting commitments	3 291 579	601 596
	<u>5 496 433</u>	<u>3 409 690</u>
SURPLUS		
Assigned	17 741	142 621
Unassigned	809	
	<u>18 550</u>	<u>142 621</u>
	<u>5 514 983 \$</u>	<u>3 552 311 \$</u>

ON BEHALF OF THE BOARD,

Jean-Gil JOLY, director

Denis GAGNON, director

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC, F.R.S.Q.

OPERATING RESULTS

for the fiscal year ended March 31

	1983	1982
REVENUE		
Grants		
Ministère des Affaires sociales	21 253 294 \$	18 382 901 \$
Régie de l'Assurance-maladie du Québec	2 215 327	
Institut de recherche en Santé		
Sociale du Travail	453 500	267 936
	23 922 121	18 650 837
Interest	875 331	243 180
	24 797 452	18 894 017
SCHOLARSHIPS AND SUBSIDIES (Note 3)	24 312 955	18 650 837
	484 497	243 180
ADMINISTRATIVE EXPENSES		
Research staff	29 383	27 643
Committee fees	21 950	15 500
Committee travel and annual general meeting expenses	60 530	11 826
Office expenses	194 813	16 315
Postal and delivery service	8 827	2 385
Professional and consultant fees	36 064	12 400
Furniture, fixtures and equipment	257 001	14 490
	608 568	100 559
	(124 071)	142 621
Transfer of assigned surplus	142 621	
	18 550	142 621
Assigned for acquisition of fixed assets	17 741	142 621
OPERATING RESULTS FOR THE YEAR	809 \$	- \$

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC, F.R.S.Q.

SURPLUS

for the fiscal year ended March 31

	1983	1982
ASSIGNED		
Balance at the beginning	142 621 \$	
Increase in assigned surplus	17 741	142 621 \$
Transfer to operating results	(142 621)	
Balance at year-end	17 741 \$	142 621 \$
UNASSIGNED		
Balance at the beginning		\$
Operating results for the year	809 \$	
Balance at year-end	809 \$	- \$

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC, F.R.S.Q.

NOTES TO FINANCIAL STATEMENTS

fiscal year ended March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Founded May 12, 1981 as a corporation under the Companies Act, the F.R.S.Q. has been given the task of promoting research activities in the field of health science in Québec. Its letters patent may not be changed without the permission of the ministère des Affaires sociales.

2 - ACCOUNTING POLICIES

(a) Revenue

Revenue from grants and interest on term deposits is recorded on the accrual basis.

(b) Fixed assets

The acquisition of fixed assets is charged to operating results for the year at the time of the transaction.

(c) Reserve for meeting commitments

This reserve is made up of sums budgeted for the current year to cover scholarships and subsidies allocated for periods extending past the end of the fiscal year.

3 - SCHOLARSHIPS AND SUBSIDIES

	1983	1982
Research fellowships	2 215 327 \$	
Research projects	720 098	329 006 \$
Start-up subsidies to young research scientists	758 916	319 000
Subsidies for team development in epidemiological and operational research	346 233	456 333
Special subsidies	194 000	194 000
Chairman's Fund	300 000	245 859
Post-doctoral fellowships	367 936	427 696
Post-doctoral scholarships in epidemiological and operational research		79 151
Post-doctoral scholarships in occupational health	211 415	160 000
Subsidies for team development in epidemiological, operational, organizational and evaluative research	1 561 584	
Outstanding merit scholarships	62 500	71 209
Research training scholarships	526 656	390 949
Training scholarships for epidemiological and operational research		106 539
Scholarships for part-time students	15 000	
Occupational health research training scholarships	259 078	107 936
Scholarships for summer training	250 000	125 000
France-Québec scholarships for health science research	21 217	41 750
Subsidies to research institutes and centres	16 502 995	15 596 409
	<u>24 312 955 \$</u>	<u>18 650 837 \$</u>

4 - EXPENDITURE ON FIXED ASSETS

Expenditure on fixed assets has been charged to operating results since creation of the F.R.S.Q.

Balance at March 31, 1982	14 490 \$
Acquisitions	257 001
Balance at March 31, 1983	<u>271 491 \$</u>

5 - COMMITMENTS

The F.R.S.Q. is bound by the terms of leases for space rental that may be renewed but not cancelled, representing minimum commitments of \$155 917 which detail as follows:

1984	31 712 \$	1987	31 712 \$
1985	31 712	1988	29 069
1986	31 712 \$		

6 - ADMINISTRATIVE EXPENSES

Many administrative expenses such as staff remuneration and office space were directly assumed by the Government.

HYDRO-QUÉBEC

R.S.Q., c. H-5 and amendments

AUDITOR'S REPORT

We have examined the consolidated balance sheet of Hydro-Québec as at December 31, 1982 and the consolidated statement of operating results, of retained earnings and of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of Hydro-Québec at December 31, 1982 as well as its operating results and the change in that position for the fiscal year then ended, according to widely accepted accounting policies applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR
Chartered Accountants

CARON, BÉLANGER, DALLAIRE, GAGNON & ASSOCIÉS,
affiliated with CLARKSON, GORDON & CO.,
Chartered Accountants

Montréal, February 15, 1983.

HYDRO-QUÉBEC

R.S.Q., c. H-5 and amendments

CONSOLIDATED BALANCE SHEET

as at December 31

(\$ MILLIONS)

	1982	1981
ASSETS		
FIXED ASSETS		
Property and plant (Note 4)		
In use	16 776	14 742
Accumulated depreciation	1 979	1 791
	14 797	12 951
Construction work in progress	6 508	6 075
	21 305	19 026
Construction, operating and research equipment, at cost less accumulated depreciation	172	148
	21 477	19 174
CURRENT ASSETS		
Cash and short-term investments	521	448
Accounts receivable and to invoice	658	630
Materials, fuel and supplies	184	157
	1 363	1 235
OTHER ASSETS		
Investments (Note 5)	127	129
Bond discount and issue charges, unamortized	170	159
Deferred cost on power purchase, unamortized	32	33
	329	321
	23 169	20 730

ON BEHALF OF THE BOARD

Joseph BOURBEAU

Guy COULOMBE

Montréal, March 23, 1983.

HYDRO-QUÉBEC

R.S.Q., c. H-5 and amendments

CONSOLIDATED BALANCE SHEET

as at December 31

(\$ MILLIONS)

	1982	1981
LIABILITIES AND SHAREHOLDER EQUITY		
LONG-TERM DEBT		
Bonds and other long-term debt (Note 6)	15 628	13 713
NOTES PAYABLE		
Notes payable within one year	222	257
CURRENT LIABILITIES		
Bank indebtedness	7	30
Accounts payable and accrued charges	586	601
Accrued interest	623	589
Long-term debt due within a year	377	607
Dividends payable	7	7
	1 600	1 834
SHAREHOLDER EQUITY		
Shares (Note 7c)		
authorized:		
50 000 000 shares,		
100 \$ par value		
issued and paid-up:		
43 741 090 shares	4 374	4 374
Retained earnings	1 345	552
	5 719	4 926
	23 169	20 730

See accompanying Notes.

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF OPERATING RESULTS
for the fiscal year ended December 31
(\$ MILLIONS)

	1982	1981
REVENUE		
Power sales	3 257	2 770
Other operating revenue	53	39
	<u>3 310</u>	<u>2 809</u>
EXPENDITURE		
Operation, maintenance, administrative and other expenses	1 006	905
Power purchase	127	126
Depreciation on property and plant	221	198
Taxes (Note 2)	185	114
	<u>1 539</u>	<u>1 343</u>
NET OPERATING INCOME	1 771	1 466
Interest (Note 3)	971	907
NET PROFIT FOR THE YEAR	<u>800</u>	<u>559</u>

See accompanying Notes.

HYDRO-QUÉBEC

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
 for the fiscal year ended December 31
 (\$ MILLIONS)

	1982	1981
Balance at beginning of year (Note 7b)	552	4 374
Less:		
Assigned in full payment of 43 741 090 shares (Note 7a)	552	4 374
Add:		
Net profit for the year	800	559
	1 352	559
Less:		
Dividends (Note 8)	7	7
Balance at year-end	1 345	552

See accompanying Notes

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
 for the fiscal year ended December 31
 (\$ MILLIONS)

	1982	1981
SOURCE OF FUNDS		
Net profit for the year	800	559
Depreciation on property and plant	221	198
Depreciation on operating and research equipment	28	23
Amortization of bond discount and issue charges	17	13
Other depreciation	7	7
Total financial resources from operations	1 073	800
Issue of bonds and other long-term debt,		
less discount and issue charges	2 302	2 226
Increase in accounts payable, accrued charges,		
accrued interest and dividends payable	19	204
	3 394	3 230
APPLICATION OF FUNDS		
Investment in fixed assets	2 542	2 643
Redemption of bonds and other long-term debt	647	432
Decrease (increase) in notes payable	35	(106)
Increase in cash and short-term investments,		
less bank indebtedness	96	177
Increase in accounts receivable and to invoice	28	88
Increase (decrease) in materials, fuel and supplies	27	(3)
Other	12	(8)
Dividends	7	7
	3 394	3 230

See accompanying Notes.

HYDRO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1982

1 - MAJOR ACCOUNTING POLICIES

a) Consolidation

The consolidated financial statements include those of Hydro-Québec and its subsidiaries as well as the financial statements of the Société d'énergie de la Baie James.

b) Rates

Under the Act governing Hydro-Québec, that body has been given the task of supplying power in the Province of Québec at the lowest rates consistent with sound financial management. Specifically, the Hydro-Québec Act stipulates that rates be maintained at a level sufficient to at least cover all operating costs, debt amortization and depreciation on fixed assets over a maximum period of fifty years. Rates are set by Hydro-Québec and approved by the Government.

c) Revenue from power sales

Revenue from power sales is recorded on the basis of a cyclical billing system. Hydro-Québec also takes into account power sold but not yet invoiced.

d) Property and plant (see Note 4)

Property and plant, which includes production, transportation and distribution facilities as well as administrative and service centres are recorded at cost. Materials, direct labour, and general engineering and administrative charges that apply to construction enter into the cost. Also included is interest charged to construction in progress, explained in (f) below. Acquisition, improvement and renovation costs are capitalized, while upkeep and repairs are posted to operations.

The cost of production facilities is posted to property and plant in operation, in proportion to the number of units completed and in service over the full number planned for a new installation, on the basis of projected current final cost, up to accumulated cost at the time of posting. The cost of transportation, distribution and other facilities is posted to property and plant in service when completed and in commercial operation.

e) Depreciation

Hydro-Québec uses the sinking fund method to charge depreciation on its property and plant, based on an interest rate of 3% and estimated service life as follows:

Hydraulic powerhouses, dams and reservoirs, steel pylons and transmission lines	50 years
Powerhouse turbines and generators	40 years
Distribution line poles	25 years

f) Interest posted to work construction in progress

Hydro-Québec adds interest to the cost of construction under way at the weighted average rate on bonds it has issued to finance the work. The rate was 13.07% in 1982 and 11.76% in 1981. It takes into account exchange rate fluctuations affecting interest payments in foreign currency.

g) Foreign currency conversion (see Note 6)

Long-term debt payable in foreign currency is shown on the consolidated financial statements in terms of Canadian dollars at the exchange rate in effect when borrowing took place. Elements of working capital in

foreign funds, including that part of long-term debt due within a year, are expressed in Canadian dollars at the exchange rate in effect at year-end; unrealized gains and losses from such conversion are charged to operations under the item Interest. Gains and losses arising from currency exchange on bonds at maturity and redemption for the sinking fund are also posted to that item (see Note 3). Revenue and expenditure resulting from transactions in foreign exchange are recorded at the rate in effect when the transaction occurs.

h) Deferred cost on power purchase (unamortized)

Under the terms of a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) (see Note 10), Hydro-Québec absorbs those interest charges in excess of 5½% on first mortgage bonds and over 6% on other CFLCo indebtedness. The portion of such payments prior to 1975 when power production from Churchill Falls reached its full potential, deferred to subsequent fiscal years, is amortized using the straight-line method over the life of the contract (40 years) and charged to Power purchase. This item also includes annual payments Hydro-Québec is required to make under the contract.

i) Research and development

Preliminary engineering, research and survey costs incurred on a project before permission to build has been granted are charged to construction work in progress; no interest is charged prior to approval. If the project is abandoned, these charges are posted to operating expenditure. Hydro-Québec also assigns research and development costs not related to a specific project or having to do with new energy sources to operations.

j) Construction, operating and research equipment

This equipment is recorded at cost and depreciated according to the straight-line method over its anticipated service life. The cost of equipment used in building main generating facilities is charged to the item Construction work in progress.

k) Materials, fuel and supplies

Hydro-Québec values its inventories of materials, fuel and supplies at average cost. Materials and supplies primarily serve in the building and upkeep of the distribution network.

l) Investments

Both short and long-term investments are recorded at cost, which in the case of short-term investments approximates their current market value.

m) Debt redemption

Hydro-Québec invests almost all of its sinking funds in its own bonds, which are recorded at their par value, not corresponding necessarily to cost or market value. The resulting profit, less the unamortized discount and other charges is posted to Interest (see Note 3). A bond series bought for the sinking fund of that series is cancelled.

n) Dividends

The amount of dividends declared by the Government (see Note 8) is subtracted from the retained earnings of that fiscal year.

o) Pension plan

Plan costs are periodically established by independent actuaries. The cost of current service is charged to operations on an annual basis, as is that of past service and plan deficits, which are amortized over a fifteen-year period.

HYDRO-QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

2 - PROVINCIAL TAX

	1982 (\$ MILLIONS)	1981 (\$ MILLIONS)
Tax on capital	98	43
Tax on gross revenue, as municipal tax on certain buildings	71	63
Real estate taxes	16	8
	<u>185</u>	<u>114</u>

Hydro-Québec is subject to the tax on capital
as of July 1, 1981.

3 - INTEREST

	1982 (\$ MILLIONS)	1981 (\$ MILLIONS)
Interest on long-term debt	1 807	1 467
Interest on bank indebtedness and notes payable	37	49
Amortization of bond discount and issue charges	17	13
Exchange loss on bond redemption and on conversion of working capital	37	119
	<u>1 898</u>	<u>1 648</u>
Less:		
Interest charged to the item		
Construction work in progress	790	628
Net investment income	99	73
Net profit on bond redemption	38	40
	<u>927</u>	<u>741</u>
	<u>971</u>	<u>907</u>

HYDRO-QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

4 - PROPERTY AND PLANT

	1982 (\$ MILLIONS)			1981 (\$ MILLIONS)		
	Property & Plant in Service	Accumulated Depreciation	Construction Work in Progress	Property & Plant in Service	Accumulated Depreciation	Construction Work in Progress
Power production:						
Hydroelectric	8 757	852	4 283	7 932	761	3 975
Nuclear			1 262			1 061
Other	316	75	3	262	61	41
	9 073	927	5 548	8 194	822	5 077
Transmission:						
Stations	1 590	171	335	1 252	150	345
Lines	2 917	267	395	2 518	239	428
	4 507	438	730	3 770	389	773
Distribution:						
Stations	684	104	71	579	95	112
Lines	1 850	299	82	1 632	273	61
	2 534	403	153	2 211	368	173
Other facilities:						
Administrative buildings	253	27	21	191	23	19
Sundry	409	184	56	376	189	33
	662	211	77	567	212	52
Total	16 776	1 979	6 508	14 742	1 791	6 075

5 - INVESTMENTS

	1982 (\$ MILLIONS)	1981 (\$ MILLIONS)
Churchill Falls (Labrador) Corporation Limited (CFLCo) (SEE Note 10)		
Bonds, general mortgage, 7½%, maturing from 1983 through 2010 (par value, \$94 million and \$96 million respectively)	85	87
Common shares	34	34
	119	121
Entreprises Gelco Ltée, Unsecured note, 4%, due in 1991	6	6
Sundry investments	2	2
	127	129

65.8% of CFLCo shares are held by Newfoundland and Labrador Hydro-Electric Corporation (a Crown corporation of the Province of Newfoundland) and 34.2% by Hydro-Québec. Hydro-Québec's share of CFLCo profit, dividends and retained earnings at December 31, 1982 details as follows:

	Profit (\$ MILLIONS)	Dividends (\$ MILLIONS)	Retained Earnings (\$ MILLIONS)
Share of retained earnings at January 1, 1981			48
1981	13	10	3
1982	10	8	2
Share of retained earnings at December 31, 1982			53

Dividends are included in Net investment income (see Note 3).

HYDRO-QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

6 - BONDS AND OTHER LONG-TERM DEBT

Hydro-Québec's long-term debt, with the exception of capital lease contracts, is guaranteed by the Province of Québec.

The following table gives sinking fund requirements and the maturity schedule of long-term debt, in terms of Canadian dollars at the exchange rate in effect when borrowings took place:

	1982		1981	
Due	(\$ MILLIONS)	Interest rate, weighted average	(\$ MILLIONS)	Interest rate, weighted average
1982			607	
1983	377		326	
1984	985		916	
1985	839		762	
1986	1 185		1 150	
1987	1 672			
1- 5 yrs	5 058	11.90%	3 761	10.94%
6-10 yrs	4 725	12.12%	4 107	12.45%
11-15 yrs	1 654	9.46%	1 582	8.75%
16-20 yrs	1 215	9.60%	1 441	9.39%
21-25 yrs	2 555	10.40%	2 637	10.32%
26-30 yrs	771	11.31%	792	11.29%
31-35 yrs	27	12.75%		
	16 005*		14 320	
Less:				
Due				
within a year	377		607	
	15 628		13 713	

* Of this amount, \$116 million (\$70 million in 1981) represents the current value of capital lease commitments for regional offices and service facilities over a 25-year period ending in 2007, capitalized at the rate of interest charged to Construction work in progress (see Note 1f).

Repayment schedules for debt in foreign currencies and their Canadian equivalent on the date of borrowing detail as follows:

	(MILLIONS OF UNITS)			1982	1981
	1983-1987	1988-2015	Total	Total (\$ MILLIONS)	Total (\$ MILLIONS)
Canadian dollars	1 778	3 902	5 680	5 680	5 099
U.S. dollars	2 483	5 348	7 831	8 649	8 080
Deutschemarks	500	585	1 085	510	301
Swiss francs	591	769	1 360	780	615
Japanese yen		20 000	20 000	80	80
Pounds sterling		53	53	121	95
ECUs		90	90	114	50
Dutch florins		150	150	71	
				16 005	14 320

HYDRO-QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

If the long-term debt payable in various currencies were translated into Canadian dollars at the year-end prevailing rates of exchange, it would show an increase of \$1.043 billion (\$848 million in 1981).

Moreover, Hydro-Québec has two unused lines of credit for \$500 000 000 in U.S. funds and \$500 000 000 in Canadian currency. The first one runs until 1990 and bears interest at the London Interbank offered rate (LIBOR), plus ½%. As for the latter, it may be converted in 1984 to a term loan for an additional period of six years at an interest rate subject to fluctuations in the prime rate of Canadian chartered bank.

Hydro-Québec has issued or committed itself to issue the following bonds after December 31, 1982:

Currency	Rate	Maturity	(Millions of Units)
Pound sterling	12.75%	2015	38
\$ Can.	12.00%	1993	98
\$ Can.	13.00%	2003	67
Deutschemark	8.00%	1993	200
\$ U.S.	11.75%	1989	175
\$ U.S.	13.37%	2013	100

Hydro-Québec has also issued \$25 million of medium-term notes in U.S. funds.

7 - SHARE CAPITAL AND RETAINED EARNINGS

a) Under new provisions of the Hydro-Québec Act that come into force on December 19, 1981, Hydro-Québec became a public corporation continues with authorized capital of 50 000 000 shares at a par value of \$100. Additionally, its total reserves of \$4.374 billion at December 31, 1980 are assigned to the payment of 43 741 090 shares forming part of the Québec public domain.

b) Until December 31, 1980, Hydro-Québec net accumulated profit was assigned to reserves for network renewal, contingencies and rate stabilization.

8 - DIVIDEND RESTRICTIONS

Hydro-Québec dividends are declared yearly by the Government which sets payment terms. For a given fiscal year, these may not be greater than the surplus available for distribution as defined below. This surplus equals 75% of net consolidated operating revenue and net investment income over the same fiscal year, less interest on long-term debt, on bank indebtedness and on notes payable as well as discount and issue charges on corporate debt instruments.

No dividend whose effect would be to reduce Hydro-Québec capitalization below the rate of 25% at the end of the fiscal year may be declared. This rate is the ratio between the total amount of Hydro-Québec capital stock issued and paid-up, along with its retained earnings, less the dividend declared for that fiscal year, and the total amount of long-term debt, including notes payable, shares issued and paid-up, as well as retained earnings, less the dividend declared for that year.

The Government declares a dividend for a fiscal year within 30 days from the time Hydro-Québec provides financial information respecting the surplus available for distribution. After that period has passed, any available surplus not distributed as dividends may not be so assigned to the shareholder.

9 - PENSION PLAN

The pension plan for Hydro-Québec employees is a contributory plan with defined benefits guaranteed by the corporation. There were 20 100 contributing employees at December 31, 1982.

Plan costs amounting to \$134 million for 1982 (\$120 million in 1981) include that of current service as well as amortization of the cost of past service and deficits.

According to independent actuarial studies carried out in 1981, uncanceled commitments to pay retirement benefits for past service, along with plan deficits, are estimated to be 481 million in current dollars at December 31, 1980.

HYDRO-QUÉBEC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd) at December 31, 1982

10 - COMMITMENTS, CONTINGENCIES AND CAPITAL SPENDING

Churchill Falls

In May 1969, Hydro-Québec signed a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) for the purchase of power, beginning in 1972, generated by a station with a rated capacity of 5 225 000 kilowatts, erected at Churchill Falls, Labrador.

The agreement provided that CFLCo would sell virtually all the power generated at Churchill Falls to Hydro-Québec for a period of forty years starting September 1, 1976, except for 300 000 kilowatts which CFLCo could reserve for itself. The contract is automatically renewable for a further 25 years under terms specified in the original.

Hydro-Québec agreed to pay a part of interest charges on debt contracted by CFLCo to finance construction of the generating facility as well as a portion of exchange losses sustained on debt in U.S. currency. Subject to certain limitations and compensation measures, Hydro-Québec is required to buy power, whether it is used or not, and can also be held to provide further funds through the purchase of subordinated debentures and common stock if no other means of covering CFLCo expenditures and debt servicing were available.

In 1976, writs of summons and a statement of claim were served on CFLCo and Hydro-Québec in connection with court action launched before the Supreme Court of Newfoundland by the Attorney General of that province. The suit aims at obtaining a declaratory judgement giving Newfoundland the right, by virtue of the lease it granted to CFLCo, to request that CFLCo deliver to it 800 megawatts of power produced from the upper Churchill river as of October 1, 1983, a request which the company is required to fulfill and which compliance shall not constitute a breach of the terms of the power purchase or financing agreement.

In the opinion of Hydro-Québec legal counsel, the validity of the energy agreement cannot be contested, nor can its terms, before the courts and, specifically, the aforementioned suit has no basis in law since it seeks a declaration that would negate rights acquired by Hydro-Québec. Hydro-Québec counsel presented a defense before the Supreme Court of Newfoundland, which completed its hearing of the case in July 1982. No decision has been handed down to date.

In 1977, Hydro-Québec began proceedings before Superior Court in the district of Montréal to obtain a judgement confirming that the terms of the power purchase agreement give it the right to almost all the energy generated by the Churchill Falls facility and that failure on the part of CFLCo to sell or deliver such power would constitute a breach of contract. The case is presently before the court.

In December 1980, the Newfoundland Legislature passed The Upper Churchill Water Rights Reversion Act which if it were to take effect would abolish The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 giving CFLCo exclusive rights over the waters of the upper Churchill river, such that the rights this company has on these waters would be revoked and the hydroelectric installations defined in the Act become the property of Newfoundland. CFLCo would then be unable to meet its commitments to Hydro-Québec under the terms of

the power contract between the two parties. The Act requires, however, that the matter be brought before the Newfoundland Court of Appeal for a ruling concerning the Legislature's competence in the area. The Act also stipulates that it will take effect upon proclamation which is not to apply before all right of appeal has been quashed or exercised. The Attorney General of Québec, Hydro-Québec and other interested parties have challenged the validity of the Act before the Newfoundland Court of Appeal which has since rendered a unanimous decision to the effect that this legislation is within the competence of the Province of Newfoundland. Hydro-Québec has appealed the ruling to the Supreme Court of Canada, which opened its hearing of the case in the last week of September 1982. Its decision has not yet been rendered.

Hydro-Québec intends to take all appropriate steps to protect its rights under the terms of the agreement to purchase energy from CFLCo.

Complexe La Grande

Phase 1 of the La Grande complex calls for the construction of three power stations with a total installed capacity of 10 269 000 kilowatts at an estimated cost of \$14.6 billion. Parts of the complex were put into service at the end of 1979, with completion of Phase 1 scheduled for 1985. \$11.638 billion had been invested in the project by December 31, 1982.

Hydro-Québec, the Société d'énergie de la Baie James, the Government of Québec and the Government of Canada have signed agreements with the James Bay Crees, the Inuit and the Naskapis. The agreements provide for, among other things, the extinguishment of land claims by the Cree, Inuit and Naskapis over certain parts of Québec, including the area where the hydroelectric complex is located. Under these agreements, Hydro-Québec and the Société d'énergie de la Baie James are committed to pay \$174 million without interest; \$63 million of this has been paid to date, \$22 million will be paid in the course of 1983 and \$89 million from 1984 through 1996. These amounts are part of project costs and are recorded when paid.

Agreements with Atomic Energy of Canada Limited

In January 1978, Hydro-Québec signed agreements with Atomic Energy of Canada Ltd. (AECL) under whose terms AECL is committed to continue construction of the La Prade heavy water plant in Bécancour and Hydro-Québec, to buy part of the power it produces. Hydro-Québec also has the option to acquire the facility before 1990 and the right to first refusal should AECL decide to sell the installation.

AECL called a halt to construction in 1978 on the La Prade heavy water plant, which has not resumed to date.

Capital expenditure

Hydro-Québec is pursuing its capital spending program to meet forecast demand for electricity in Québec. Capital expenditure planned for 1983 will total \$2 662 million.

11 - PRESENTATION

Certain 1981 data were reclassified for comparison purposes with the 1982 presentation.

HYDRO-QUÉBEC — EMPLOYEE PENSION FUND

AUDITOR'S REPORT

We have examined the statement of assets of the Pension Fund for Hydro-Québec employees as at December 31, 1982 and that of change in assets for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the assets of the Pension Fund at December 31, 1982 as well as their change for the fiscal year then ended, according to widely accepted accounting principles, applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR
Chartered Accountants.

CARON, BÉLANGER, DALLAIRE, GAGNON & ASSOCIÉS
affiliated with CLARKSON GORDON
Chartered Accountants.

Montréal, February 15, 1983.

HYDRO-QUÉBEC – EMPLOYEE PENSION FUND

STATEMENT OF ASSETS

as at December 31

(\$ MILLIONS)

	1982	1981
INVESTMENTS		
Bonds issued by Hydro-Québec and subsidiaries, guaranteed by the Province of Québec	393	344
Bonds issued or guaranteed by the Province of Québec	227	181
Bonds issued or guaranteed by other provinces	9	4
Bonds issued by municipalities, school boards, cégeps, hospitals and universities	128	111
Government of Canada bonds	95	103
Corporate bonds	43	30
(Par value of \$914 million, market value of \$866 million)	895	773
Common shares (market value of \$3 million)	2	2
Cash and short-term investments	232	98
	1 129	873
ACCRUED INTEREST ON INVESTMENTS	31	23
RECEIVABLE FROM HYDRO-QUÉBEC	5	8
	<u>1 165</u>	<u>904</u>

See accompanying Notes

ON BEHALF OF HYDRO-QUÉBEC,

Joseph BOURBEAU

Guy COULOMBE

Montréal, March 23, 1983.

HYDRO-QUÉBEC - EMPLOYEE PENSION FUND

STATEMENT OF CHANGE IN ASSETS
for the fiscal year ended December 31
(\$ MILLIONS)

	1982	1981
ASSETS AT THE BEGINNING OF THE YEAR	904	691
Increase		
Current contributions		
Employees	34	28
Hydro-Québec	64	55
	98	83
Hydro-Québec contribution for past service (Note 2)	58	59
Revenue from investments	123	87
	279	229
	1 183	920
Decrease		
Benefits paid	18	16
ASSETS AT YEAR-END	1 165	904

See accompanying Notes.

HYDRO-QUÉBEC – EMPLOYEE PENSION FUND**NOTES TO FINANCIAL STATEMENTS**
at December 31, 1982

1 – ACCOUNTING POLICIES

- a) The financial statements show only the assets of the Pension Fund for Hydro-Québec employees, not its capability of meeting pension plan commitments, which are guaranteed by Hydro-Québec.
- b) Investments are shown at cost, except for bonds which are shown at amortized cost.
- c) Contribution and investment revenue, as well as pension benefits, are recorded on the accrual basis.

2 – UNCAPITALIZED COMMITMENTS

Commitments with respect to pension benefits for past service and deficits, which are not capitalized, are estimated to be 481 million current dollars at December 31, 1980. This estimate arose from independent actuarial studies carried out in 1981. Hydro-Québec amortizes these commitments over a period of fifteen years.

3 – PRESENTATION

Certain 1981 data were reclassified for purposes of the 1982 presentation.

INSTITUT QUÉBÉCOIS DU CINÉMA

R.S.Q., c. C-18

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Institut québécois du cinéma as at March 31, 1983 and the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Institut québécois du cinéma at March 31, 1983 as well as its operating results for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, August 19, 1983.

INSTITUT QUÉBÉCOIS DU CINÉMA

R.S.Q., c. C-18

ASSETS AND LIABILITIES

as at March 31, 1983

	1983	1982
ASSETS		
Cash	291 825 \$	292 539 \$
Term deposits (Note 7)	1 440 000	1 600 000
Accrued interest on term deposits	2 023	24 675
Accounts receivable	14 132	3 786
Building acquired in settlement of account (Note 3)	175 000	
	<u>1 922 980 \$</u>	<u>1 921 000 \$</u>
LIABILITIES		
Accounts payable and accrued charges	64 988 \$	80 396 \$
Payable under aid programs	1 593 188	1 281 639
Balance owed on building acquired in settlement of account (Note 3)	78 944	
Surplus revenue over expenditure allocated to the next fiscal year	185 860	558 965
	<u>1 922 980 \$</u>	<u>1 921 000 \$</u>

CONTINGENCIES (Note 7)
SUBSEQUENT EVENT (Note 8)

ON BEHALF OF THE BOARD,

Claude GODBOUT
Marcel VENNE

INSTITUT QUÉBÉCOIS DU CINÉMA**REVENUE AND EXPENDITURE**
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Transfer of surplus revenue over expenditure from the previous year	558 965 \$	511 190 \$
Service contract — ministère des Affaires culturelles du Québec	4 000 000	4 000 000
Interest on term deposits	120 062	160 893
Cancellation of aid programs for prior years	241 212	483 316
Return on investment under aid programs:		
Capital refunded	875 295	423 452
Revenue collected	74 297	20 815
Miscellaneous	14 227	
	<u>5 884 058</u>	<u>5 599 666</u>
EXPENDITURE		
Aid programs (Note 4)		
Production	2 819 235	2 782 837
Promotion and distribution	1 018 933	494 491
Operations	209 391	57 855
Screenplays	454 030	443 344
Special projects	219 431	212 248
	<u>4 721 020</u>	<u>3 990 775</u>
Administrative expenses (Note 5)	977 178	1 049 926
	<u>5 698 198</u>	<u>5 040 701</u>
SURPLUS REVENUE OVER EXPENDITURE ALLOCATED TO THE NEXT FISCAL YEAR	<u><u>185 860 \$</u></u>	<u><u>558 965 \$</u></u>

INSTITUT QUÉBÉCOIS DU CINÉMA

NOTES TO FINANCIAL STATEMENTS

at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

A corporation within the meaning of the Civil Code, the Institut québécois du cinéma was founded under the Act respecting the cinema to promote the development of the film industry in Québec by means of grants, loans, advances, financial participation and loan guarantees under aid programs approved by the terms of an agreement with the Minister of Cultural Affairs. The contract defines the areas of Institut activity for the term of the agreement, sets limits on staffing and financial commitments and the steps it may take to carry out its mandate.

2 - ACCOUNTING POLICIES

Institut financial statements were prepared by management within the bounds of accounting practice summarized as follows:

Fixed assets

The purchase of furniture and equipment is charged to administrative expenses, as are leasehold improvements.

Aid programs

Grants, loans, advances and financial participation are charged to expenditure when the applicant formally accepts financial assistance. Loan guarantees are shown as contingent liabilities; when a loss on a loan guarantee can be ascertained, it is charged to expenditure.

Revenue

The return (capital and earnings) on loans, advances and capital participation is posted to revenue when received.

3 - BUILDING ACQUIRED IN SETTLEMENT OF ACCOUNT

On November 19, 1982, the Institut became owner of a building following a Superior Court decision. Professional evaluators set the worth of this asset at \$175 000 on October 29, 1980. No depreciation has been charged, since the Institut intends to divest itself of the building.

The mortgage loan on the building acquired in settlement of account, bearing annual interest of 10 1/4% and payable in monthly instalments of \$1 018 that include capital and interest, comes due September 30, 1983.

4 - AID PROGRAMS

Financial assistance granted by the Institut during the year under the terms of an agreement with the Minister of Cultural Affairs took the form of:

	1983	1982
Grants	667 615 \$	418 463 \$
Investments		
Loans	400 272	504 235
Advances	426 890	73 696
Capital participation	3 224 243	2 994 381
	4 053 405	3 572 312
	4 721 020 \$	3 990 775 \$

5 - ADMINISTRATIVE EXPENSES

	1983	1982
Directors' fees	31 027 \$	35 765 \$
Wages, salaries and fringe benefits	524 443	498 269
Professional fees	56 858	48 985
Travel	22 262	28 510
Office space	92 933	60 211
Upkeep and repairs	9 250	10 786
Advertising and public relations	34 428	18 792
Supplies	22 911	29 113
Communications	26 179	29 961
Equipment rental	14 163	18 005
Furniture, fixtures and leasehold improvements	4 725	35 880
Sundry	1 080	3 697
Five-year plan		21 437
	840 259	839 411
Aid programs:		
Jury fees	75 041	57 424
Information office abroad	35 034	118 582
Film festivals	20 937	24 073
Film library	5 907	10 436
	136 919	210 515
	977 178 \$	1 049 926 \$

6 - LONG-TERM LEASE

The Institut is committed under the terms of lease expiring September 23, 1991 for office space. Minimum annual rent over the next five years amounts to \$80 540.

7 - CONTINGENT LIABILITIES

(a) At March 31, 1983, the Institut bore a contingent liability of \$450 265 covering loan guarantees granted under aid programs. The bank holds Institut term deposits in the amount of \$340 000 as security for these liabilities.

(b) A former director-general of the Institut who had been dismissed in May 1979 has sued the Institut for \$200 000. In the opinion of the Institut and its legal counsel, no significant loss can result from the claim.

8 - SUBSEQUENT EVENT

Bill 109, the Cinema Act (1983, c. 37) which was given assent on June 23, 1983 and comes into force on the date set by Government proclamation, replaces the Act respecting the cinema (R.S.Q., c. C-18). The new Institut québécois du cinéma and the Société générale du cinéma replace the present Institut.

The new Institut will have an advisory role to play in connection with the development and application of policy by the Minister of Cultural Affairs on the film industry, as well as elaborating policy direction for the Société générale du cinéma, which has the responsibility for distributing funds that the Government allocates to the private film industry.

LOTO-QUÉBEC

R.S.Q., c. S-13.1

AUDITOR'S REPORT

I have examined the balance sheet of Loto-Québec at March 31, 1983, as well as the statement of retained earning, of operating results and of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial position of Loto-Québec at March 31, 1983, its operating results and change in its financial position for the fiscal year then ended, in accordance with widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, May 27, 1983

LOTO-QUÉBEC

R.S.Q., c. S-13.1

BALANCE SHEET

as at March 31, 1983

(\$ THOUSANDS)

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash	11 087	4 459
Accounts receivable (Note 3)	14 155	14 287
Prepaid expenses	5 227	3 188
	<u>30 469</u>	<u>21 934</u>
INVESTMENTS		
Wholly-owned subsidiary (Note 4)		1 057
FIXED ASSETS (Note 5)		
At cost	39 481	33 429
Accumulated depreciation	18 557	14 596
	<u>20 924</u>	<u>18 833</u>
	<u>51 393</u>	<u>41 824</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	1 000	625
Winnings payable	6 974	5 194
Accounts payable and accrued charges	8 440	7 261
Provision for bonus winnings (Note 6)	1 593	1 474
Deferred income — lottery tickets	21 625	16 824
	<u>39 632</u>	<u>31 378</u>
WINNINGS PAYABLE BY INSTALLMENT (Note 7)	<u>700</u>	<u>800</u>
SHAREHOLDER EQUITY		
Authorized share capital issued and paid-up:		
1 700 shares at \$100 par value	170	170
Retained earnings	<u>10 891</u>	<u>9 476</u>
	<u>11 061</u>	<u>9 646</u>
	<u>51 393</u>	<u>41 824</u>

COMMITMENTS (Note 11)
 SUBSEQUENT EVENT (Note 2)

ON BEHALF OF THE BOARD,

Jean-Marc LAFAILLE
 Denis VANDRY

LOTO-QUÉBEC**RETAINED EARNINGS**

for the fiscal year ended March 31, 1983

(\$ THOUSANDS)

	<u>1983</u>	<u>1982</u>
Balance at the beginning	9 476	8 545
Net profit for the year	<u>163 415</u>	<u>150 931</u>
	172 891	159 476
Dividend to the Minister of Finance	<u>162 000</u>	<u>150 000</u>
Balance at year-end	<u><u>10 891</u></u>	<u><u>9 476</u></u>

LOTO-QUÉBEC**OPERATING RESULTS**

for the fiscal year ended March 31, 1983

(\$ THOUSANDS)

	1983	1982 (Note 13)
SALES — Lottery tickets	515 878	453 297
COST OF SALES		
Winnings	227 059	198 636
Discounts to retailers	31 207	27 950
Printing of tickets	16 961	17 526
	275 227	244 112
GROSS EARNINGS	240 651	209 185
ADMINISTRATIVE EXPENSES		
Advertising and communications	15 260	13 180
Distribution and sales	16 117	13 783
Data processing	22 262	11 812
Administration	11 219	9 473
Depreciation of fixed assets	5 818	4 664
	70 676	52 912
Sundry revenue	106	47
Interest income — net (Note 8)	2 576	2 438
	2 682	2 485
	67 994	50 427
SURPLUS BEFORE THE FOLLOWING ITEMS:	172 657	158 758
Payments to the Government of Canada as compensation for withdrawal from the field of lotteries (Note 9)	8 965	7 657
Special commissions to non-profit agencies (Note 10)	277	170
	9 242	7 827
NET PROFIT	163 415	150 931

LOTO-QUÉBEC**CHANGE IN FINANCIAL POSITION**
for the year ended December 31, 1983

(\$ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Net profit for the year	163 415	150 931
Depreciation of fixed assets	5 818	4 664
Earnings from operations	169 233	155 595
Investment in a wholly-owned subsidiary (Note 4)	1 057	
	170 290	155 595
APPLICATION OF FUNDS		
Dividend to the Minister of Finance	162 000	150 000
Acquisition of fixed assets — net	7 909	6 127
Winning payable by installment	100	100
	170 009	156 227
CURRENT LIABILITIES OVER		
CURRENT ASSETS		
Increase (decrease) during the year	(281)	632
Balance at the beginning	9 444	8 812
Balance at year-end	9 163	9 444

LOTO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Société des loteries et courses du Québec or Loto-Québec, founded by a special act, is charged with operating and administering lotteries.

2 - MAJOR ACCOUNTING POLICIES

The financial statements of Loto-Québec were prepared by management according to generally recognized accounting principles, within the bounds of accounting practice summarized as follows:

Fixed assets

Fixed assets are recorded at cost and depreciated according to the straight-line method at the following annual rates:

Buildings	5%
Office furniture	10%
Furnishings and equipment	20%
Leasehold improvements	20% and 25%
Rolling-stock	30%

Revenue

Gross revenue from the sale of lottery tickets is recorded on the date the draw is held, with instant-draw tickets entered at the time of sale.

Lottery tickets sold on March 31st for later draws generate revenue which is posted to deferred income, with discounts to retailers posted to prepaid expenses.

3 - ACCOUNTS RECEIVABLE

	1983	1982
Ticket retailers	2 329	3 000
Wholesale distributors	6 321	5 856
Société de la Loterie Interprovinciale Inc.	5 337	5 316
Sundry	168	115
	<u>14 155</u>	<u>14 287</u>

Loto-Québec holds promissory notes redeemable on demand for the advances to ticket wholesalers, with bank guarantees covering all or part of these advances.

4 - WHOLLY-OWNED SUBSIDIARY

At March 31, 1983, Loto-Québec held all S.O.D.I.C. Québec Inc. common shares at a par value of \$10. The accounts of the wholly-owned subsidiary have not been consolidated with those of the Société, nor is the investment shown at its consolidated value because the two enterprises are not integrated. The audited financial statements of S.O.D.I.C. Québec Inc. at March 31, 1983 show a book value of \$1 600 000 (\$325 000 at March 31, 1982).

During the fiscal year, S.O.D.I.C. bought back 105 699 shares at \$10 par value from Loto-Québec for a total of \$1 056 990.

5 - FIXED ASSETS

	1983		1982	
	Cost	Accumulated depreciation	Net	Net
	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)
Land	330		330	330
Buildings	4 868	1 742	3 126	3 369
Leasehold improvements, fixtures, office furniture, equipment and rolling-stock	34 283	16 815	17 468	15 134
	<u>39 481</u>	<u>18 557</u>	<u>20 924</u>	<u>18 833</u>

6 - PROVISION FOR BONUS WINNINGS

Unclaimed Mini-Loto and Inter-Loto winnings are posted to a provision for later bonus distribution.

7 - WINNINGS PAYABLE BY INSTALLMENT

The amount of \$700 000 represents annual installments of \$100 000 payable to a Super-Loto winner after 12 months. The \$100 000 payable within twelve months is included in that due winners, under current liabilities.

LOTO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

8 - INTEREST

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Interest on bank deposits	2 779	3 104
Less: interest on bank indebtedness	203	666
	<u>2 576</u>	<u>2 438</u>

9 - PAYMENTS TO THE GOVERNMENT OF CANADA AS COMPENSATION FOR WITHDRAWAL FROM THE FIELD OF LOTTERIES

Under the terms of the agreement reached between the provincial governments and the federal government concerning the latter's withdrawal from the field of lotteries, the provinces pay twenty-four million 1979 dollars annually as compensation. Québec's share is calculated on the basis of net sales revenue from the Super-Loto in Quebec and the Provincial, payable by the Société according to the agreement reached between the provinces and regional lottery corporations. For fiscal 1983-1984, the Société will have to pay approximately \$10 million as its contribution.

10 - SPECIAL COMMISSIONS TO NON-PROFIT AGENCIES

In accordance with a shareholder decision, there is a commission equal to the discount for ticket retailers paid to non-profit organizations selling tickets through the LOTOMATIQUE subscription system.

11 - COMMITMENTS

(a) Contract for the purchase of 1 750 direct-access computer terminals at a cost of \$13.2 million, detailing as follows: \$8.8 million in 1983-1984; \$4.4 million in 1984-1985.

(b) Leasing contracts for the use and upkeep of computer equipment: use of computer time cost \$6.1 million for the fiscal year ended March 31, 1983.

Negotiations are currently under way concerning the leasing of the entire computer system for an charge of \$2.5 million over each of the next five fiscal years.

(c) Long-term leases for office space through December 1987: the leases include a renewal option for five years.

Rental expense for the fiscal year ended March 31, 1983 amounts to \$775 068. Minimum rent over the next five fiscal years details as follows:

1983-84:	635 103 \$
1984-85:	525 448
1985-86:	391 632
1986-87:	382 588
1987-88:	255 069

12 - SUBSEQUENT EVENT Head office relocation

The following operations, duly authorized by the government, were under way at the time the financial statements were being prepared:

(a) joint acquisition on an equal-share basis with the Caisse de dépôt et placement du Québec of a building located at 500 Sherbrooke west in Montréal for a price between \$35 and \$42 million and borrowing of the funds by Loto-Québec to finance its share of the acquisition cost of the new head office building;

(b) sale of buildings Loto-Québec presently occupies at 2000 Berri and 5061 - 5075 Fullum in Montréal for a planned total price of \$4 730 500.

Costs for moving into the new office are estimated to be \$3.2 million. The acquisition of computer equipment more suitable to Loto-Québec needs is also envisaged.

13 - COMPARATIVE FIGURES

Certain data from the 1982 statement of operating results were reclassified for purposes of the 1983 presentation.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20

AUDITOR'S REPORT

I have examined the balance sheet of the General Revenue Fund and that of the trust funds of the Office de la construction du Québec at December 31, 1982, along with the following statements for the fiscal year then ended:

General Revenue Fund
Revenue and expenditure and balance of the Fund
Change in financial position

trust funds
Change in assets of the: Holiday Pay Fund,
Back Pay Fund,
Employers Dues Fund,
Union Dues Fund
Contribution to Corvée-Habitation
Change in Special Compensation Fund equity
Change in net equity of Fringe Benefit Plans.

My examination was made in accordance with generally recognized auditing standards, and consequently included such tests and other procedures I deemed necessary in the circumstances. I relied on the opinion of the actuarial consultants of the Office as concerns the solvency of the insurance plans and the Supplementary Pension Plan for Employees of the Quebec Construction Industry. Notes 10 and 11 provide further details of these actuarial valuations.

In my opinion, relying on the strength of actuarial valuations as to the solvency of insurance plans and the Supplementary Pension Plan for Employees of the Quebec Construction Industry with respect to plan commitments toward participants, these financial statements accurately present the financial position of the various funds of the Office de la construction du Québec at December 31, 1982, as well as the operating results and change in position of the General Revenue Fund and the change in assets or net equity of the trust funds for the fiscal year then ended, according to the accounting principles in Note 2 applied on a basis consistent with that of the previous year.

Rhéal CHATELIN, C.A.
Auditor-General

Québec, May 27, 1983.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

THE FUNDS

General Revenue Fund

Fund accounts are serve to apply the collective agreement or any Order in Council adopted under the Act respecting labour relations in the construction industry, including any supplemental fringe benefit plan or other measure assigned by the Act.

The Fund also serves to handle construction industry employees' accounts receivable and payable by employers under regulations. The Fund does not make provision for covering employee claims against employers where liability has not been determined and legal procedures have been instituted.

The Fund also manages the investments of the following trust funds: the Back Pay Fund, Employer Dues Fund, Union Dues Fund, Special Compensation Fund and Contribution to Corvée-Habitation.

Trust funds

Holiday Pay Fund

This fund keeps account of paid holidays and annual vacation pay as well as interest earned on behalf of employees of the construction industry, under section 20.06 of the Order in Council.

Back Pay Fund

This fund keeps account of claims made by the Office on behalf of construction industry employees under section 81 of the Act.

Employer Dues Fund

This fund keeps account of employer contributions on behalf of the Association des entrepreneurs en construction du Québec under section 40 of the Act.

Union Dues Fund

This fund keeps account of union contributions on behalf of construction industry employees under section 38 of the Act.

Special Compensation Fund

This fund keeps account of employer dues to compensate employees for loss of wages and fringe benefits as a result of employer insolvency or when called upon for juror duty, under section 31 of the Act.

Contribution to Corvée-Habitation

This fund keeps account of construction industry employer and employee contributions to the Corvée-Habitation program under sections 2 and 6 of the Act to promote housing construction.

Supplemental fringe benefit plans

1. Basic plans

The fund operates under the regulation concerning supplemental fringe benefits in the construction industry.

Pension fund

The fund keeps account of employer and employee contributions to the supplementary pension plan for construction industry employees.

Group insurance

The fund keeps account of optional employee and employer premiums for life, health and income insurance for construction industry employees.

2. Electricians' supplemental plans

These plans were established for electricians following additional employer and employee contributions under section 28.05 of the Order in Council. The contributions go toward both the pension fund and group insurance.

Specific funds were established in 1981 to handle operations for these plans but regulations regarding the use of contributions have not been issued.

3. Painters' supplemental plans

These plans were established for painters following additional employer and employee contributions under section 28.03 of the Order in Council. The contributions go toward the pension fund. Regulations regarding the use of contributions have not been issued.

OFFICE DE LA CONSTRUCTION DU QUÉBEC

R.S.Q., c. R-20

GENERAL REVENUE FUND

BALANCE SHEET
as at December 31, 1982
(\$ THOUSANDS)

	1982	1981
ASSETS		
CURRENT ASSETS		
Cash		6
Investments and accrued interest (Note 3)	1 007	4 494
Grants receivable	1 531	782
Dues receivable from employers	804	968
Accounts receivable (Note 4)	1 015	569
Prepaid expenses	198	186
	<u>4 555</u>	<u>7 005</u>
FIXED ASSETS (Note 5)		
At cost	6 872	6 881
Accumulated depreciation	2 731	2 516
	<u>4 141</u>	<u>4 365</u>
	<u>8 696</u>	<u>11 370</u>
LIABILITIES AND BALANCE OF THE FUND		
CURRENT LIABILITIES		
Outstanding cheques less cash	507	
Accounts payable and accrued charges	2 411	3 048
Undistributed investment income	64	
Deposits and overcontributions	213	339
	<u>3 195</u>	<u>3 387</u>
Balance of the fund	5 501	7 983
	<u>8 696</u>	<u>11 370</u>

ON BEHALF OF THE OFFICE,

Alcide FOURNIER
Hugues FERRON

OFFICE DE LA CONSTRUCTION DU QUÉBEC

GENERAL REVENUE FUND

REVENUE, EXPENDITURE AND FUND BALANCE
for the fiscal year ended December 31, 1982
(\$ THOUSANDS)

	1982	1981
REVENUE		
Employer and employee dues	11 898	14 774
Fines and penalties	1 005	1 019
Gouvernement du Québec grant	5 531	6 282
Investment income	630	401
Other	124	38
	<u>19 188</u>	<u>22 514</u>
EXPENDITURE		
Wages, salaries and fringe benefits	20 968	20 315
Transportation and communications	3 885	3 660
Rental and maintenance of furniture and equipment	1 944	1 628
Premises	1 278	1 252
Professional, legal and other fees	1 415	1 138
Printing and supplies	679	716
Bad claims (recovered) — net	(250)	(95)
Recovery of consumer taxes	(19)	(13)
Interest and bank charges	126	108
Depreciation of fixed assets	219	272
	<u>30 245</u>	<u>28 981</u>
Surplus expenditure over revenue before the following:	<u>11 057</u>	<u>6 467</u>
Expenses charged to the Pension Fund	5 195	4 406
Trust funds used for Office administration:		
Transfer of interest —		
Holiday Pay Fund	2 908	2 486
Special Compensation Fund	166	292
Transfer of unidentified compensation, from more than three prior years (Notes 6 & 7)	306	506
	<u>8 575</u>	<u>7 690</u>
SURPLUS EXPENDITURE OVER REVENUE	2 482	(1 223)
BALANCE OF FUND AT THE BEGINNING	7 983	6 760
BALANCE OF FUND AT YEAR-END	<u>5 501</u>	<u>7 983</u>

OFFICE DE LA CONSTRUCTION DU QUÉBEC

GENERAL REVENUE FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31, 1982
(\$ THOUSANDS)

	1982	1981
SOURCE OF FUNDS		
Surplus revenue over expenditure		1 223
Items requiring no outlay:		
Depreciation of fixed assets		272
Revenue from operations		1 495
Disposal of fixed assets	52	148
	52	1 643
APPLICATION OF FUNDS		
Surplus expenditure over revenue	2 482	
Items requiring no outlay:		
Depreciation of fixed assets	219	
Loss on disposal of fixed assets	16	
Funds for operations	2 247	
Acquisition of furniture and equipment	63	142
	2 310	142
INCREASE (DECREASE) IN WORKING CAPITAL	(2 258)	1 501
WORKING CAPITAL AT THE BEGINNING	3 618	2 117
WORKING CAPITAL AT YEAR-END	1 360	3 618

OFFICE DE LA CONSTRUCTION DU QUÉBEC**TRUST FUNDS****BALANCE SHEET**

as at December 31, 1982

(\$ THOUSANDS)

	<u>Holiday Pay</u>	<u>Back Pay</u>
ASSETS		
Cash		
Accounts receivable	51	
Investments and accrued interest (Note 3)	<u>78 555</u>	<u>228</u>
	<u>78 606</u>	<u>228</u>
LIABILITIES AND NET EQUITY		
Outstanding cheques less cash	218	
Accounts payable	668	
Claims received payable to unidentified employees (Note 7)		33
Claims payable to employees		195
Compensation payable to unidentified employees or unclaimed (Note 6)	363	
Holiday pay and interest payable to employees	<u>77 357</u>	
Compensation payable to employees following employer insolvency		
Unidentified dues to refund		
Corvée-Habitation contributions to refund		
Employer dues to refund		
Net equity	<u>78 606</u>	<u>228</u>
ON BEHALF OF THE OFFICE,		
Alcide FOURNIER		
Hugues FERRON		

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

BALANCE SHEET
as at December 31, 1982
(\$ THOUSANDS)

Employer Dues	Union Dues	Corvée- Habitation Contri- butions	Special Compen- sation	Total	
				1982	1981
					415
				51	234
683	280	3 070	1 650	84 466	106 075
683	280	3 070	1 650	84 517	106 724
				218	
				668	384
				33	43
				195	113
				363	1 422
				77 357	101 787
			176	176	177
	75			75	235
		3 070		3 070	
683	205			888	879
			1 474	1 474	1 684
683	280	3 070	1 650	84 517	106 724

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

CHANGE IN ASSETS OR NET EQUITY

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	Holiday Pay	Back Pay
SOURCE OF FUNDS		
Contributions and indemnities for holidays	111 836	
Claims collected		1 799
Dues collected		
Employer dues collected		
Employee dues collected		
Compensation recovered		
Investment income	13 681	
Increase in accounts receivable	330	
	<u>125 847</u>	<u>1 799</u>
APPLICATION OF FUNDS		
Payments to employees:		
Holiday pay	135 062	
Interest	12 509	
Compensation following insolvency		
Compensation for juror duty		
Payments to employees		1 719
Refund of dues and contributions		
Transfer to the General Revenue Fund:		
Interest	2 908	
Compensation collected and payable to unidentified employees or unclaimed after more than three years (Note 6)	309	
Claims collected and payable to unidentified employees after more than three years (Note 7)		(3)
Decrease in accounts payable		
Decrease in amount owed the General Revenue Fund		11
Decrease in unidentified dues		
	<u>150 788</u>	<u>1 727</u>
INCREASE (DECREASE)	(24 941)	72
FUND ASSETS AT THE BEGINNING OF THE YEAR	<u>103 547</u>	<u>156</u>
NET EQUITY AT THE BEGINNING		
FUND ASSETS AT YEAR-END	<u>78 606</u>	<u>228</u>
NET EQUITY AT YEAR-END		

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUND

CHANGE IN ASSETS OR NET EQUITY
for the fiscal year ended December 31, 1982
(\$ THOUSANDS)

Employer Dues	Union Dues	Corvée- Habitation Contri- butions	Special Compen- sation	Total	
				1982	1981
				111 836	136 879
				1 799	1 554
3 458	14 595		1 137	19 190	21 162
		1 420		1 420	
		3 496		3 496	
			486	486	460
			166	13 847	13 879
				330	136
3 458	14 595	4 916	1 789	152 404	174 100
				135 062	127 057
				12 509	8 808
			1 812	1 812	2 268
			21	21	17
				1 719	1 385
3 155	14 790	1 846		19 791	19 861
			166	3 074	2 778
				309	494
				(3)	12
	46			46	
				11	35
	259			259	
3 155	15 095	1 846	1 999	174 610	162 715
303	(500)	3 070	(210)	(22 206)	11 385
380	780			104 863	92 661
			1 684	1 684	2 501
683	280	3 070		82 867	104 863
			1 474	1 474	1 684

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	BASIC BENEFITS	
	Pension Fund	Insurance Fund
ASSETS		
Cash		
Investments and accrued interest (Note 3)	20 322	26 457
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 8)	1 167 659	
	<u>1 187 981</u>	<u>26 457</u>
LIABILITIES AND NET EQUITY		
Outstanding cheques less cash	149	
Pensions payable	56	
Unused insurance premiums		229
Actuarial reserve (Note 9)		22 876
Net equity (Notes 10 & 11)	1 187 776	3 352
	<u>1 187 981</u>	<u>26 457</u>

ON BEHALF OF THE OFFICE,

Alcide FOURNIER

Hugues FERRON

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

SUPPLEMENTAL PLANS ELECTRICIANS'		SUPPLEMENTAL PLANS PAINTERS'		Total	
Pension Fund	Insurance Fund	Pension Fund		1982	1981
2 472	903	121		50 275	1 890
14 163				1 181 822	47 970
16 635	903	121		1 232 097	1 052 342
					1 102 202
				149	
				56	46
				229	292
	439			23 315	20 538
16 635	464	121		1 208 348	1 081 326
16 635	903	121		1 232 097	1 102 202

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

CHANGE IN NET EQUITY

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	BASIC BENEFITS	
	Pension Fund	Insurance Fund
SOURCE OF FUNDS		
Employer and employee contributions	47 933	14 263
Decrease in unused premiums		62
Investment income	2 220	2 386
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec	114 366	
Transfer of insurance company reserve		1 865
	<u>164 519</u>	<u>18 576</u>
APPLICATION OF FUNDS		
Insurance costs:		
Claims		13 796
Premiums		
Handling of claims		859
Premium rebates		(608)
Increase (decrease) in the actuarial reserve		3 223
Pension benefits (Note 13)	27 435	
Retirement and death benefits		
Lump-sum payments and contribution refunds	10 561	
Interest on contribution refunds	1 000	
General Revenue Fund charges	4 581	
Direct expenses	3	
Employee contributions to Corvée-Habitation	3 496	
	<u>47 076</u>	<u>17 270</u>
INCREASE IN NET EQUITY	<u>117 443</u>	<u>1 306</u>
NET EQUITY AT THE BEGINNING	<u>1 070 333</u>	<u>2 046</u>
NET EQUITY AT YEAR-END (Notes 10 & 11)	<u><u>1 187 776</u></u>	<u><u>3 352</u></u>

OFFICE DE LA CONSTRUCTION DU QUÉBEC

TRUST FUNDS

SUPPLEMENTAL FRINGE BENEFITS

CHANGE IN NET EQUITY

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

SUPPLEMENTAL PLANS ELECTRICIANS'		SUPPLEMENTAL PLANS PAINTERS'		Total	
Pension Fund	Insurance Fund	Pension Fund		1982	1981
6 210	514	119		69 039	87 697
348	106	2		62	200
				5 062	5 665
1 352				115 718	100 856
7 910	620	121		1 865	
				191 746	194 418
	207			14 003	17 370
				859	
				(608)	(1 385)
	(446)			2 777	1 131
				27 435	17 780
				10 561	11 593
614	3			1 000	1 088
				5 195	4 406
				6	63
				3 496	
614	(236)			64 724	52 046
7 296	856	121		127 022	142 372
9 339	(392)			1 081 326	938 954
16 635	464	121		1 208 348	1 081 326

OFFICE DE LA CONSTRUCTION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at December 31, 1982

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Created under the Act respecting labour relations in the construction industry (R.S.Q., c. R-20), the Office de la construction du Québec is a corporation within the meaning of the Civil Code and is responsible for applying the collective agreement or Order in Council, all fringe benefit plans, as well as other duties the Act prescribes.

2 - ACCOUNTING POLICIES

The financial statements of the Office were prepared by management within the bounds of accounting practice summarized as follows:

a) Investments and accrued interest

Investments are recorded at cost, except for bonds which are amortized.

Investment earnings are assigned to each fund on the basis of the interfund balance, with the exception of the following: Back Pay Fund, Employer Dues Fund, Union Dues Fund.

b) Employer contributions receivable

Amounts withheld by employers during December for remittance in January are posted as accounts receivable at December 31st.

c) Fixed assets

Fixed assets are recorded at original cost and depreciated over their expected service life, using the straight-line method at the following annual rates:

Buildings	2½%
Office furniture and equipment	10%

d) Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits in segregated funds of the Caisse are recorded at cost plus that portion of accumulated fund surplus assigned to them at December 31, 1979 and not yet distributed. This account also includes income earned by the segregated funds at December 31st which the Caisse pays out January first. The Pension Fund's share of profit or loss on the sale of investments by segregated funds is not considered in this item nor included in investment earnings of that Fund.

e) Special Compensation Fund payments to employees

Compensation is entered in the books upon proof of employer insolvency.

f) Wages, salaries and fringe benefits

Wages, salaries and fringe benefits are recorded on the accrual basis, except for vacation and severance pay, entered on a cash basis.

g) Assessments, fines and penalties

Assessments, fines and penalties, as well as amounts recovered from employers by the Special Compensation Fund, are posted to the General Revenue Fund upon receipt.

h) Employer and employee dues, holiday pay, claims against employers and insurance rebates

These are posted to the trust funds on a cash basis.

i) Transfers and interfund charges

The General Revenue Fund comprises all expenditure incurred by the Office for implementing the Order in Council adopted under the Act, that related to fringe benefits and to its other responsibilities under the Act.

Administrative expenses incurred by trust funds are not specifically assigned to each. The Office transfers interest to cover this from the Vacation Pay Fund and the Special Compensation Fund, as well as holiday pay which has been unclaimed for three years at January first and claims held in trust on behalf of employees who have remained unidentified for three years at December 31st.

Administrative expenses related to supplemental fringe benefits are paid out of the basic Pension Fund and the electricians' supplemental pension fund and is assigned by the Office according to sector of activity.

3 - INVESTMENTS AND ACCRUED INTEREST

Investments and accrued interest of \$1 007 000 (\$4 494 000 in 1981) for the General Revenue Fund and \$134 741 000 (\$154 045 000 in 1981) for the trust funds detail as follows:

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Cash	606	1 724
Term deposits	65 758	70 664
Bonds	66 619	82 214
Mortgage financing	8	12
Accrued interest	2 757	3 925
	<u>135 748</u>	<u>158 539</u>

The realization value of bonds at December 31, 1982 is \$60 040 209 (\$63 019 649 in 1981).

4 - ACCOUNTS RECEIVABLE

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Claims paid to employees and owed by employers	563	607
Claims paid to employees where employer responsibility remains undetermined	213	233
	<u>776</u>	<u>840</u>
Allowance for bad debts	713	760
	<u>63</u>	<u>80</u>
Employees - balance receivable	397	381
Allowance for bad debts	68	270
	<u>329</u>	<u>111</u>
Other	623	378
	<u>952</u>	<u>489</u>
Net amount	<u>1 015</u>	<u>569</u>

5 - FIXED ASSETS

	1982		1981	
	Cost (\$ THOUSANDS)	Accumulated Depreciation (\$ THOUSANDS)	Net (\$ THOUSANDS)	Net (\$ THOUSANDS)
Land	238		238	249
Buildings	5 166	1 746	3 420	3 588
Furniture and equipment	1 468	985	483	528
	<u>6 872</u>	<u>2 731</u>	<u>4 141</u>	<u>4 365</u>

OFFICE DE LA CONSTRUCTION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 19826 - ASSESSMENTS RELATED TO UNCLAIMED AND UNIDENTIFIED
HOLIDAY PAY

The balance at December 31, 1982 of sums collected for holiday pay which either go unidentified or unclaimed, shown on the balance sheet as liabilities of the Holiday Pay Fund in the amount of \$333 000, includes annual and statutory holiday pay for the years 1979 through 1982 that remains unidentified at December 31, 1981, along with cheques issued and outstanding for 60 days or more.

Holiday pay in the amount of \$220 000 at December 31, 1982 earned during 1979 and collected on behalf of workers who remain unidentified on January 1, 1983 for three years, is transferred in the course of that month (\$309 000 in January 1982) to the General Revenue Fund.

7 - CLAIMS COLLECTED ON BEHALF OF UNIDENTIFIED
EMPLOYEES

The Office uses for administrative purposes those sums held in trust and related to claims on behalf of employees who at December 31st have remained unidentified for three years. Amounts collected prior to December 31, 1979 on behalf of employees who remained unidentified at December 31, 1982, were transferred to the statement of revenue and expenditure of the General Revenue Fund during fiscal 1982 from the balance sheet of the Back Pay Fund.

8 - FUNDS ENTRUSTED TO THE CAISSE DE DÉPÔT ET
PLACEMENT DU QUÉBEC

Funds entrusted to the Caisse detail as follows:

	1982		1981	
	Book Value	Realization Value	Book Value	Realization Value
	(\$ THOU- SANDS)	(\$ THOU- SANDS)	(\$ THOU- SANDS)	(\$ THOU- SANDS)
Demand deposits in the General Fund	24 695	24 695	20 777	20 777
Participation deposits in segregated funds:				
Bonds (Fund "O")	443 474	417 575	390 326	293 513
Stocks (Fund "A")	238 281	284 067	199 779	224 471
Mortgages (Fund "H")	444 636	434 391	398 725	340 757
Receivable at December 31st	10 587	10 587	16 801	16 801
	1 136 978	1 146 620	1 005 631	875 542
Portfolio under separate management:				
Cash and accrued revenue	276	276	352	352
Bonds and short-term securities	13 341	10 471	16 946	11 466
Shares and convertible securities	1 089	509	1 392	416
Mortgage financing	5 443	5 285	7 244	6 418
	20 149	16 541	25 934	18 652
	1 181 822	1 187 856	1 052 342	914 971

The number of segregated fund participation units held at December 31st and their percentage of total units issued detail as follows:

	Participation Units			
	Number Held		% of Total Issued	
	1982	1981	1982	1981
Segregated funds:				
Bonds (Fund "O")	209 418	178 560	23	26
Stocks (Fund "A")	110 754	92 490	22	23
Mortgages (Fund "H")	209 590	184 772	67	69

OFFICE DE LA CONSTRUCTION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31 1982

9 - ACTUARIAL RESERVES

Since January 1, 1982, the Office has granted a degree of self-management to construction industry employees' group insurance plans according to which the Office assumes a limited share of the risks, retains certain guarantees and delegates the task of settling claims.

The Office created a reserve from accumulated funds which at December 31, 1982 details as follows:

	Basic Benefit Plan	Electricians' Supplemental Plan
	(\$ THOUSANDS)	(\$ THOUSANDS)
Reserves (1)	12 443	347
Insurance liabilities (2)	10 433	92
Actuarial reserve	22 876	439

(1) These are the reserves held for self-management purposes to cover the following items: benefit payments incurred but not reported, survivors' pensions, monthly disability pensions, premium exemptions and special provisions for deferring rate increases which were to take effect July 1, 1982.

(2) These represent the minimum reserves required as calculated at December 31, 1982.

Maximum reserves amount to \$17 725 000 and \$132 000 for the basic plan and electricians' supplemental plan, respectively.

(3) Net equity of the basic plan (\$3 352 000) and of the electricians' supplemental plan (\$464 000) do not constitute a surplus unless they exceed the difference between the minimum and maximum insurance liability reserves of \$7 292 000 for the basic plan and \$39 000 for the electricians' supplemental plan.

10 - SOLVENCY OF SUPPLEMENTAL PENSION PLAN

Regulation # 14 concerning supplemental fringe benefit plans in the construction industry stipulates that the actuarial certificate attesting the solvency of supplemental pension plans with respect to accepted base rates and temporary supplements is valid for a period of twenty-four months from valuation date and must be renewed no later than 60 days before expiry.

The certificate from the actuarial consultants dated July 9, 1982 is valid until December 31, 1982. The actuaries certify that at January 1, 1981 the supplemental pension plan had a surplus of \$35 972 000 after taking into account the base rate for pensions and temporary supplements for 1982.

11 - SOLVENCY OF INSURANCE PLANS

Regulation # 14 concerning supplemental fringe benefit plans in the construction industry stipulates that the actuarial certificate attesting the solvency of supplemental pension plans with respect to accepted base rates and temporary supplements is valid for a period of up to three years from valuation date and must be renewed no later than 90 days before expiry.

The latest actuarial certificate dated July 28, 1982 is valid until December 31, 1984.

12 - LONG-TERM LEASES

a) The Office is committed to leases coming to term at various dates up to September 30, 1988 for its premises. Some of these leases have provision for renewal after five years.

Rent for office space over the fiscal year ended December 31, 1982 amounts to \$367 479. Minimum annual rent, less income from subletting, for the next five fiscal years details as follows:

1983	341 222 \$
1984	256 754
1985	177 172
1986	107 176
1987	54 211

b) The Office has lease commitments for the use and maintenance of computer equipment. These leases come to term between February 1, 1983 and January 31, 1988.

Equipment rental charges for the fiscal year ended December 31, 1981 amounts to \$1 618 760. Minimum rent over the next three fiscal years details as follows:

1983	1 110 087 \$
1984	296 305
1985	28 221

13 - PENSION FUND FOR CONSTRUCTION INDUSTRY EMPLOYEES

Following retroactive adjustment to pension benefits for 1981 and 1982, the Office will be required to make an outlay of about \$11 million for the pension fund account during 1983.

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Office des autoroutes du Québec as at March 31, 1983 and that of the cost of debt service and financing for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Office at March 31, 1983 as well as the cost and financing of its operations for the fiscal year then ended, according to the accounting policies in Note 2.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 30, 1983.

OFFICE DES AUTOROUTES DU QUÉBEC

R.S.Q., c. A-34

ASSETS AND LIABILITIES
as at March 31, 1983

ASSETS

Government note (Note 4)	<u>23 675 309 \$</u>
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LIABILITIES

Accrued interest	<u>691 770 \$</u>
Bonded debt (Note 5)	
Series « G » bonds, 5½%, maturing December 1, 1984	16 833 068
Series « H » bonds, 5¾%, maturing July 15, 1989	<u>32 500 000</u>
	49 333 068
Less: Sinking fund (Note 6)	<u>26 349 529</u>
	<u>22 983 539</u>
	<u>23 675 309 \$</u>

ON BEHALF OF THE OFFICE,

Georges E. TREMBLAY
Paul E. PRÉVOST

OFFICE DES AUTOROUTES DU QUÉBEC

COST OF DEBT SERVICE AND FINANCING

for the fiscal year ended March 31, 1983

COST OF SERVICING DEBT

Interest on bonds		2 859 622 \$
Less:		
Net revenue from sinking fund (Note 6)		<u>(2 848 869)</u>
Interest on bonded debt		10 753
Net payment on bonded debt:		
Redemption of series "H" bonds	1 250 000 \$	
Discount on bond redemption	<u>(331 350)</u>	<u>918 650</u>
		<u>929 403 \$</u>

FINANCING OF DEBT SERVICE

Interest on Government note		2 859 622 \$
Less:		
Decrease in interest equal to net sinking fund revenue (Note 6)		<u>(2 848 869)</u>
Net revenue on Government note		10 753
Cash inflow on Government note		<u>918 650</u>
		<u>929 403 \$</u>

OFFICE DES AUTOROUTES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Office des autoroutes du Québec was founded under the Autoroutes Act (R.S.Q., c. A-34). The Act to amend the Autoroutes Act and various legislation (c. 49 of the 1982 statutes, given assent on December 16, 1982 and coming into force January 1, 1983) integrated Office operations with those of the ministère des Transports such that Office activity is limited to repayment of its bonded debt. This change in the role of the Office took effect April 1, 1982, with the result that its fiscal year henceforth ends on March 31st.

As of April 1, 1982, the only accounts the Office retains are those related to its bonded debt and the attendant sinking fund. All remaining assets and liabilities at April 1, 1982 as well as its operating deficit and contributed surplus were transferred to Government accounts.

2 - MAJOR ACCOUNTING POLICIES

Office financial statements were prepared by management according to the accrual method, within the bounds of accounting practice summarized as follows:

Bonded debt in Canadian currency

Bonded debt contracted in Canadian dollars is recorded at par value.

Bonded debt in foreign currency

Series "G" bonds payable in \$US have been expressed in their Canadian equivalent at the exchange rate in effect on April 1, 1982.

Sinking fund bonds

Sinking fund bonds are shown at par value.

3 - EFFECT OF NEW ACCOUNTING POLICY

The accounting policies set forth in Note 2 above were adopted April 1, 1982, matching those in use by the Government, for purposes of representing the value of its note receivable on that date.

- Series "G" bonds and accrued interest have been expressed in terms of Canadian currency at the exchange rate in effect on April 1, 1982, while they were not previously converted. This results in increasing bonded debt by \$3 113 068 and interest by \$57 073.

- Sinking fund bonds have been recorded at their par value while they were formerly entered at cost with discount and premium charges amortized to maturity. The effect of this change is to increase the item Sinking fund bonds by \$1 649 766.

4 - GOVERNMENT NOTE

The Minister of Finance issued a Government note to the Office in the amount of its bonded debt and accrued interest at April 1, 1982 less its accumulated sinking fund on that date.

The interest rate and terms of the note should allow the Office to fully discharge its bonded debt.

Change in the note account during the fiscal year:

Balance at April 1, 1982		
Bonded debt	50 583 068 \$	
Accrued bond interest	712 682	
	<u>51 295 750</u>	
Sinking fund	(23 500 660)	27 795 090 \$
Operations		
Cash inflow from the note		918 650
Other operations related to bonded debt repayment:		
Net sinking fund revenue		2 848 869
Discount on bond redemption		331 350
Decrease in accrued bond interest		20 912
		<u>4 119 781</u>
Balance at March 31, 1983		<u>23 675 309 \$</u>

5 - BONDED DEBT

Payment of capital and interest is guaranteed by the Government.

Series "G" bonds are payable at maturity in U.S. currency out of a sinking fund. If the exchange rate in effect on March 31, 1983 were applied, bonded debt would be increased by \$96 040.

The schedule of payments on series "H" bonds is as follows:

1983 - 1984	1 250 000 \$
1984 - 1985	1 250 000
1985 - 1986	1 250 000
1986 - 1987	1 250 000
1987 - 1988	1 250 000
1988 - 1989	1 250 000
1989 - 1990	25 000 000
	<u>32 500 000 \$</u>

OFFICE DES AUTOROUTES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

6 - SINKING FUND

The Minister of Finance is responsible for managing the sinking fund for bonded debt.

Sinking fund change during the fiscal year:

Balance at April 1, 1982	23 500 660 \$
Net revenue for the year:	
Interest on bonds	1 903 790 \$
Government contribution	618 600
Bond purchase discount	334 356
Safekeeping charges	(7 877)
	<u>2 848 869</u>
Balance at March 31, 1983	<u><u>26 349 529 \$</u></u>

The sinking fund details as follows:

Cash	3 231 \$
Accrued interest	481 698
Government contribution receivable	618 600
Bonds	<u>25 246 000</u>
	<u><u>26 349 529 \$</u></u>

The market value of the bonds was approximately \$23 318 000 at March 31, 1983 broken down as follows:

	Par Value	Market Value
Bonds		
Gouvernement du Québec	16 105 000 \$	15 524 000 \$
Guaranteed by the Government:		
Hydro-Québec	4 251 000	4 144 000
Office des autoroutes du Québec	4 890 000	3 650 000
	<u>25 246 000 \$</u>	<u>23 318 000 \$</u>

7 - COMPARATIVE FIGURES

Because of changes effective April 1, 1982 to Office operations outlined in Note 1 and the ending of its fiscal year, comparative figures have not been presented.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

R.S.Q., c. C-75

FARM FINANCING

AUDITOR'S REPORT

I have examined the balance sheet of the Office du crédit agricole du Québec — farm financing, at March 31, 1983 and the statement of revenue, expenditure and surplus for the fiscal year then ended. My examination was made in accordance with generally recognized accounting principles and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Office du crédit agricole du Québec — farm financing at March 31, 1983 and the results of its operations for the fiscal year then ended according to the accounting principles set forth in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 10, 1983.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

R.S.Q., c. C-75

FARM FINANCING**ASSETS AND LIABILITIES**

as at March 31, 1983

	1983	1982
ASSETS		
Cash	3 199 889 \$	3 668 021 \$
Accounts receivable	511 692	164 133
Interest, accrued and due	4 144 075	4 180 292
Loans to farmers (Note 3)	169 536 512	184 333 296
Assets acquired following default on loans (Note 4)	5 075 267	2 158 463
	<u>182 467 435 \$</u>	<u>194 504 205 \$</u>
LIABILITIES		
Accounts payable	35 076 \$	40 484 \$
Borrower deposits	444 978	401 766
Revenue in advance	80 623	107 020
Owed lending institutions	3 647 353	1 277 947
Bank indebtedness		3 682 667
Bonds (Note 5)	3 850 000	
Owed the gouvernement du Québec (Note 6)	171 270 544	186 539 529
	<u>179 328 574</u>	<u>192 049 413</u>
SURPLUS	<u>3 138 861</u>	<u>2 454 792</u>
	<u>182 467 435 \$</u>	<u>194 504 205 \$</u>

ON BEHALF OF THE OFFICE,

Camille G. MOREAU
J. Claude SIMONEAU

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC**FARM FINANCING**

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Interest on loans to farmers		
Regular payments	9 554 620 \$	11 193 511 \$
Payments in arrears	208 758	158 433
	9 763 378	11 351 944
Interest on bank deposits and other revenue	517 473	622 973
Recovery of expenditure		
Sale and lease of fixed assets —		
land redevelopment program	552 045	316 597
Other	147 266	102 626
	10 980 162	12 394 140
EXPENDITURE		
Subsidies (Note 7)	115 701 188	78 936 925
Interest on borrowings:		
Gouvernement du Québec	17 407 620	20 620 057
Financial institutions	534 418	642 605
Bonds	19 922	
Loss on guarantees for loans from financial institutions	311 590	30 753
Acquisition of fixed assets — land redevelopment program	2 885	8 205
Net loss on assets acquired following loan defaults	7 659	261
Interest on borrower deposits	34 503	63 899
Administrative expenses (Note 8)	9 745 230	9 351 119
	143 765 015	109 653 824
Less: expenditure assumed by the Government (Note 5)	133 468 922	97 976 930
	10 296 093	11 676 894
SURPLUS REVENUE OVER EXPENDITURE	684 069	717 246
SURPLUS AT THE BEGINNING	2 454 792	1 737 546
SURPLUS AT YEAR-END	3 138 861 \$	2 454 792 \$

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Office du crédit agricole du Québec, founded under the Farm Credit Act, is charged with administering various acts concerning farm and forestry financing programs.

The farm financing programs aims to promote the profitability of agricultural operations by making available adequate financing.

The financial statements of the Office presented here relate exclusively to transactions involving farm financing within the framework of administering the Farm Credit Act, the Act to promote long-term farm credit by private institutions, the Act to promote farm improvement, the Act to promote credit to farm producers, the Act to promote special credit to agricultural producers during critical periods, the Farm Loans Act, the Act to promote the development of farming operations and the land redevelopment program.

2 - ACCOUNTING POLICIES

Assets acquired following loan defaults

Assets acquired following default on loans prior to August 1, 1978 are recorded in the amount of the outstanding capital balance plus ancillary charges incurred by the Office. Gain or loss on the sale of these assets is entered at the time of their disposal.

Assets acquired following default on loans after August 1, 1978 are recorded in the amount of the outstanding capital balance plus interest and ancillary charges incurred by lenders. Losses resulting from the disposal of these assets are assumed by the Fonds d'assurance-prêts agricoles et forestiers; any gain is also turned over to the Fonds.

Subsidies

Subsidies are posted to expenditure at the time of outlay.

Loss on guarantees for loans granted by financial institutions

Losses on guarantees for loans granted prior to August 1, 1978 by financial institutions are recorded under expenditure upon payment in settlement of the guarantees.

Acquisition of fixed assets

The acquisition of fixed assets under the land redevelopment program is posted to expenditure, as is equipment in accordance with Government accounting practice.

Other transactions

Other transactions related to farm financing are recorded on the accrual basis.

Administrative expenses

The cost of fringe benefits to Office employees and support services such as telephone, office space, data processing, etc., are paid out of the estimates of the different departments involved and are not shown on the statement of revenue, expenditure and surplus.

3 - LOANS TO FARMERS

The amount of such loans includes capital payments due of \$1 063 345 at March 31, 1983 (\$884 571 in 1982).

The portion of these loans granted after August 1, 1978 and guaranteed by the Fonds d'assurance-prêts agricoles et forestiers comes to \$25 719 000 (\$27 307 000 in 1982).

4 - ASSETS ACQUIRED FOLLOWING LOAN DEFAULTS

The cost of assets acquired as a result of borrower defaults on loans granted before August 1, 1978 amounts to \$813 033 (\$690 425 in 1982). Their realization value is \$405 000 (\$444 000 in 1982).

5 - BONDS

Bonds with a par value of \$3 850 000 were issued during the year. These series "A" bonds, dated March 15, 1983 and maturing March 15, 1988 are redeemable wholly or in part for their face value as of March 15, 1984 and are guaranteed by the Government. They bear interest, payable quarterly, at 3/4% below prime.

6 - OWED THE GOUVERNEMENT DU QUÉBEC

	1983	1982
Loans		
Balance at beginning of year	181 900 000 \$	227 800 000 \$
Repaid	15 200 000	45 900 000
Balance at year-end	166 700 000	181 900 000
Interest on borrowings	3 919 469	4 164 849
Recovery on expenditure — grants	113 818	
Land redevelopment program	37 257	(25 320)
Interest-free advance of working capital	500 000	500 000
	<u>171 270 544 \$</u>	<u>186 539 529 \$</u>

Loans bear the average long-term rate of interest for Government loans contracted during that year. The rates vary between 9.83% and 10.80%.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FARM FINANCING

NOTES TO FINANCIAL STATEMENTS (cont'd)
as at March 31, 1983

7 - SUBSIDIES

Expenditure on subsidies details as follows:

	1983	1982
Farm credit Act (R.S.Q., c. C-75)	2 400 \$	23 700 \$
Act to promote long-term farm credit by private institutions (R.S.Q., c. C-75.1)	94 919 344	56 447 846
Act to promote the establishment of young farmers (R.S.Q., c. E-12.1)	2 917	
Act to promote farm improvement (R.S.Q., c. A-18)	4 188 972	4 595 561
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	763 288	2 606 888
Farm Loans Act (R.S.Q., c. P-20)	3 823 181	4 186 292
Act to promote the development of farming operations (R.S.Q., c. M-36)	11 469 541	10 398 862
Land redevelopment program (O.C. 3813-76 and 3814-76)	531 545	677 776
	<u>115 701 188 \$</u>	<u>78 936 925 \$</u>

8 - ADMINISTRATIVE EXPENSES

Administrative expenses detail as follows:

	1983	1982
Wages, salaries and other remuneration	9 034 985 \$	8 500 285 \$
Transportation and communications	404 193	492 850
Professional, administrative and other fees	47 508	34 139
Maintenance and repairs	7 350	14 974
Rent	70 519	80 879
Supplies	121 857	149 580
Materials and equipment	51 039	61 054
Other	7 779	17 358
	<u>9 745 230 \$</u>	<u>9 351 119 \$</u>

9 - EXPENDITURE ASSUMED BY THE GOVERNMENT

Expenditure assumed by the Government details as follows:

	1983	1982
Subsidies	115 701 188 \$	78 936 925 \$
Interest on borrowings less that earned on loans - regular installments	8 407 340	10 069 151
Loss on guarantees for loans from financial institutions	311 590	30 753
Acquisition of fixed assets - land redevelopment program	2 885	8 205
Administration	9 745 230	9 351 119
	<u>134 168 233</u>	<u>98 396 153</u>
Less: Recovery on expenditure	699 311	419 223
	<u>133 468 922 \$</u>	<u>97 976 930 \$</u>

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

R.S.Q., c. C-78

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Office du crédit agricole du Québec – forestry financing at March 31, 1983 as well as that of revenue and expenditure for the fiscal year then ended. My examination was made according to generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the assets and liabilities of the Office du crédit agricole du Québec – forestry financing at March 31, 1983 as well as its revenue and expenditure for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, May 26, 1983.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBECFORESTRY FINANCING
R.S.Q., c. C-78ASSETS AND LIABILITIES
as at March 31, 1983

	1983	1982
ASSETS		
Cash	571 528 \$	114 425 \$
Accounts receivable	9 249	7 328
Interest, accrued and due	436 469	405 652
Loans (Note 3)	27 227 344	26 636 325
	<u>28 244 590 \$</u>	<u>27 163 730 \$</u>
LIABILITIES		
Borrower deposits	11 939 \$	3 005 \$
Revenue collected in advance	10 233	12 386
Bank loan and accrued interest		7 929 615
Bonds and accrued interest (Note 4)	10 202 521	
Owed the gouvernement du Québec (Note 5)	18 019 897	19 218 724
	<u>28 244 590 \$</u>	<u>27 163 730 \$</u>

ON BEHALF OF THE OFFICE,

Camille G. MOREAU
J. Claude SIMONEAU

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

REVENUE AND EXPENDITURE
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Interest on loans	1 407 156 \$	1 289 695 \$
Interest on bank deposits and other revenue	47 787	96 322
Recovery of expenditure	485	
	<u>1 455 428</u>	<u>1 386 017</u>
EXPENDITURE		
Subsidies (Note 6)	735 092	712 238
Interest on borrowings:		
Gouvernement du Québec	1 987 469	2 109 664
Financial institutions	1 180 346	1 136 687
Bonds	52 521	
Interest on borrower deposits	253	819
Administrative expenses (Note 7)	<u>951 058</u>	<u>851 614</u>
	4 906 739	4 811 022
Less: Expenditure assumed by the Government (Note 8)	<u>3 498 699</u>	<u>3 520 508</u>
	<u>1 408 040</u>	<u>1 290 514</u>
 SURPLUS REVENUE OVER EXPENDITURE TO BE PAID THE CONSOLIDATED REVENUE FUND (Note 5)	 <u>47 388 \$</u>	 <u>95 503 \$</u>

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Office du crédit agricole du Québec, created under the Farm Credit Act, is charged with administering various acts related to farm and forestry financing programs.

The forestry financing program aims at making credit available with a view to promoting the development and consolidation of private forest areas.

The financial statements of the Office presented here are solely concerned with operations related to administering the Forestry Credit Act.

2 - ACCOUNTING POLICIES

Subsidies

Subsidies are posted to expenditure when paid.

Acquisition of materials and equipment

The cost of acquiring materials and equipment is charged to expenditure, in accordance with Government accounting policy.

Other transactions

Other forestry financing transactions are posted according to the accrual method.

Administrative expenses

The cost of fringe benefits to Office employees and that of support services such as telephone, office space, data processing, etc. is paid out of the estimates of the different departments involved and not shown on the statement of revenue and expenditure.

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC

FORESTRY FINANCING

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

3 - LOANS

This item includes matured capital payments at March 31, 1983 in the amount of \$79 840 (\$55 021 at March 31, 1982).

4 - BONDS

Bonds with a par value of \$10 150 000 were issued during the year. These series "B" bonds, dated March 15, 1983 and maturing March 15, 1988, are redeemable wholly or in part for their face value as of March 15, 1984 and are guaranteed by the Government. They bear interest, payable quarterly, at ¾% below prime.

5 - OWNED THE GOUVERNEMENT DU QUÉBEC

	1983	1982
Borrowings		
Balance at the beginning	18 625 000 \$	19 925 000 \$
Repaid	1 325 000	1 300 000
Balance at year-end	17 300 000	18 625 000
Interest on borrowings	622 509	448 221
Interest-free advance of working capital	50 000	50 000
Surplus revenue over expenditure		
From previous years	95 503	188 677
For the year	47 388	95 503
	142 891	284 180
Remittance to the Consolidated Revenue Fund	95 503	188 677
	47 388	95 503
	18 019 897 \$	19 218 724 \$

Borrowings bear interest at rates between 9.8% and 13.4%. They will be repaid out of the funds collected as reimbursement of loans granted after provision is made for the settlement of loans from financial institutions.

Moreover, under the terms of the Forestry Credit Act, surplus revenue over expenditure must be remitted to the Consolidated Revenue Fund within 90 days following the close of the Office fiscal year.

6 - SUBSIDIES

This item represents repayment of interest at five percent on sums due from borrowers to lending institutions.

7 - ADMINISTRATIVE EXPENSES

Administrative expenditure details as follows:

	1983	1982
Wages, salaries, allowances and other remuneration	820 095 \$	751 614 \$
Transportation and communications	45 919	58 178
Administrative, professional and other services	43 098	1 713
Maintenance and repairs	4 125	3 387
Rent	9 351	6 958
Supplies	24 121	16 448
Materials and equipment	3 974	11 126
Other	375	2 190
	951 058 \$	851 614 \$

8 - EXPENDITURE ASSUMED BY THE GOVERNMENT

Expenditure assumed by the Government details as follows:

	1983	1982
Subsidies	735 092 \$	712 238 \$
Interest on borrowings		
less interest earned on loans	1 813 180	1 956 656
Administration	950 912	851 614
	3 499 184	3 520 508
Less: Recovery on expenditure	485	
	3 498 699 \$	3 520 508 \$

RADIO-QUÉBEC

R.S.Q., c. S-11.1

AUDITOR'S REPORT

I have examined the balance sheet of Radio-Québec at August 31, 1982 and the statement of revenue and expenditure, that of the cost of shows produced and broadcast as well as that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial position of Radio-Québec at August 31, 1982, as well as its operating results and change in financial position for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, January 21, 1983.

RADIO-QUÉBEC

R.S.Q., c. S-11.1

BALANCE SHEET
as at August 31, 1982

	1982	1981
ASSETS		
CURRENT ASSETS		
Cash and term deposits	2 857 641 \$	1 062 965 \$
Accounts receivable	375 194	405 091
Balance of selling price	13 127	17 583
Shows produced and under production	6 130 177	3 871 327
Broadcast and distribution rights on audio-visual material and coproductions	5 302 473	7 738 676
Technical and production supplies	685 656	512 123
Prepaid expenses	149 680	158 707
	15 513 948	13 766 472
SELLING PRICE BALANCE — EQUIPMENT	108 330	119 349
FIXED ASSETS (Note 4)	15 068 886	9 694 463
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 5)	4 810 077	2 298 525
	35 501 241 \$	25 878 809 \$
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques		1 468 801 \$
Indebtedness toward financial institutions	3 600 000 \$	
Accounts payable and accrued charges	4 765 305	4 270 952
Broadcast and distribution rights and coproductions	1 573 045	1 879 640
Deferred revenue — Government subsidy (Note 6)	9 173 693	10 033 000
Payments on long-term debt due within one year	918 610	56 498
	20 030 653	17 708 891
LONG-TERM DEBT		
Bonds (Note 7)	4 750 000	
Commitments under capital lease contracts (Note 5)	3 681 751	1 817 973
	8 431 751	1 817 973
EQUITY OF RADIO-QUÉBEC		
Balance at the beginning	6 351 945	4 768 506
Surplus revenue and subsidy over expenditure for the year	686 892	1 583 439
Balance at year-end	7 038 837	6 351 945
	35 501 241 \$	25 878 809 \$

ON BEHALF OF THE BOARD,

Lyse GOYETTE
Gérard BARBIN

RADIO-QUÉBEC
REVENUE AND EXPENDITURE
 for the fiscal year ended August 31, 1982
EXPENDITURE

Cost of shows broadcast		
Shows produced and broadcast		22 684 659 \$
Acquisitions and coproductions		
Broadcast and distribution rights	4 811 052 \$	
General expenses	1 467 599	6 278 651
Distribution costs		
Network broadcasting		5 662 661
Programming		3 430 284
Cost of shows broadcast and distribution		38 056 255
Administrative expenses		7 452 888
Financial charges (Note 8)		1 594 937
Total expenditure (Note 9)		47 104 080
REVENUE (Note 10)		1 177 505
SURPLUS EXPENDITURE OVER REVENUE		45 926 575
SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC (Note 6)		46 613 467
SURPLUS REVENUE AND SUBSIDY OVER EXPENDITURE FOR THE YEAR		686 892 \$

COST OF SHOWS PRODUCED AND BROADCAST
 for the fiscal year ended August 31, 1982

Shows produced and under production at August 31, 1981		3 871 327 \$
Production costs for the year		
Network productions	17 065 397 \$	
Regional productions	4 223 219	
Depreciation of technical equipment	363 943	
General expenses	2 990 950	24 943 509
		28 814 836
Less:		
Shows produced and under production at August 31, 1982		6 130 177
Cost of shows produced and broadcast		22 684 659 \$

RADIO-QUÉBECCHANGE IN FINANCIAL POSITION
for the fiscal year ended August 31, 1982

	1982	1981 (Note 12)
SOURCE OF FUNDS		
Surplus revenue and subsidy over expenditure for the year	686 892 \$	1 583 439 \$
Items not affecting working capital:		
Depreciation of fixed assets	1 238 390	1 037 566
Gain on disposal of fixed assets	(119 728)	
Operating revenue	1 805 554	2 621 005
Issue of bonds	5 600 000	
Commitments under capital lease contracts	1 901 213	1 171 716
Proceeds from disposal of fixed assets	169 900	
Selling-price balance — equipment	11 019	13 127
	<u>9 487 686</u>	<u>3 805 848</u>
APPLICATION OF FUNDS		
Acquisition of fixed assets	6 242 790	4 962 725
Acquisition of assets under capital lease contracts	2 931 747	1 773 137
Payments on long-term debt	887 435	55 495
Increase in the selling-price balance — equipment		21 076
	<u>10 061 972</u>	<u>6 812 433</u>
DECREASE IN WORKING CAPITAL DURING THE YEAR	574 286	3 006 585
WORKING CAPITAL DEFICIT AT THE BEGINNING	3 942 419	935 834
WORKING CAPITAL DEFICIT AT YEAR-END	<u>4 516 705 \$</u>	<u>3 942 419 \$</u>

RADIO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Radio-Québec, or Société de radio-télévision du Québec, founded under a special act, is charged with establishing and operating an educational radio and television broadcasting service within Québec as well as producing audio-visual and broadcast material.

2 - ACCOUNTING POLICIES

Radio-Québec financial statements were prepared by management within the bounds of accounting practice summarized as follows:

Production and technical supplies

Inventories of technical and production supplies are recorded at the lower of their cost price and net realization value. Their cost price is averaged, except for that used in visual design, whose cost is determined according to the FIFO method.

Shows produced and under production

Shows already produced and under production are entered at cost, which includes supplies and services used directly in addition to its share of labour costs and general expenses. The show's total cost is charged to operations when broadcast or declared unusable.

Broadcast and distribution rights for audio-visual material and participation in co-productions

Broadcast and distribution rights for audio-visual material are generally acquired for five years; they are capitalized then charged to operations when used according to the following basis, except when otherwise stipulated by contract:

70% for the first presentation;
30% for the second.

Rights on films deemed unusable are written off the books when such a decision is made.

Radio-Québec's investment in co-productions and their attendant rights are fully capitalized, then charged to operations at first showing.

Fixed assets

Fixed assets are recorded at cost and depreciated according to the straight-line method based on their estimated useful life as follows:

Rolling-stock	5 years
Technical equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Leasehold improvements	length of lease
Antenna network:	
Building	33 years
Technical equipment - network	10 years
Antennas	15 years
Alterations and additions to fixtures and equipment of private TV stations	14 years (length of agreement)

The antenna network includes buildings, materials, engineering services, infrastructure, direct labour as well as attendant general and interim financing charges.

Assets held under capital lease contracts

Any asset acquired under lease-purchase and recorded in the books is depreciated in the same way as fixed assets. Commitments under such agreements are entered at the current value of minimal payments to be made.

Subsidy from the gouvernement du Québec

Radio-Québec records the subsidy voted by the National Assembly for the Government fiscal year on the basis of the payment calendar running from April first through August thirty-first and from September first through March thirty-first.

Expenditure assumed by the Government

The contribution of Radio-Québec as employer to its employees' pension plan is assumed by the Government and not reflected on the statement of revenue and expenditure.

3 - ACCOUNTING ESTIMATE CHANGES

Beginning this fiscal year, Radio-Québec revised the rate of depreciation on broadcast rights and its participation in coproductions so as to bring amortization closer into line with the real costs.

The effect of this rate review was to increase depreciation expense by \$1 374 403 and correspondingly reduce the year's surplus.

4 - FIXED ASSETS

	1982		1981	
	Cost	Accumulated Depreciation	Net	Net
Technical equipment	5 694 003 \$	4 361 633 \$	1 332 370 \$	1 479 091 \$
Antenna network	4 321 721	1 637 057	2 684 664	3 002 891
Furniture and fixtures	1 122 667	857 022	265 645	315 780
Rolling-stock	33 445	6 641	26 804	22 372
Leasehold improvements	853 560	175 940	677 620	320 483
	12 025 396	7 038 293	4 987 103	5 140 617
Antenna network being set up *	10 081 783		10 081 783	4 553 846
	22 107 179 \$	7 038 293 \$	15 068 886 \$	9 694 463 \$

* The establishment of a Radio-Québec broadcast network was approved by the Government at an estimated cost of \$17.2 million. Financing of part of the costs incurred was secured by issuing bonds during the year for \$5.6 million. The terms for financing the balance have not yet been set.

RADIO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

5 - ASSETS HELD UNDER CAPITAL LEASE CONTRACTS

	1982			1981
	Cost	Accumulated Depreciation	Net	Net
Technical equipment	2 704 949 \$	347 553 \$	2 357 396 \$	1 120 374 \$
Antenna network	383 119	58 898	324 221	161 916
Furniture and fixtures	640 602	92 268	548 334	326 774
Rolling-stock	34 056	25 627	8 429	29 159
Computer equipment	52 544	26 272	26 272	36 781
	3 815 270	550 618	3 264 652	1 675 004
Being financed	1 626 763	81 338	1 545 425	623 521
	5 442 033 \$	631 956 \$	4 810 077 \$	2 298 525 \$

The following table shows minimum installment payments to be made after August 31, 1982 under leases and the current value of commitments under capital lease contracts:

Fiscal year	Capital lease contracts	Other leasing agreements	Total
1983	676 668 \$	5 571 176 \$	6 247 844 \$
1984	667 940	3 708 512	4 376 452
1985	667 940	2 844 024	3 511 964
1986	667 940	2 530 462	3 198 402
1987	667 940	2 482 246	3 150 186
Thereafter through 1997	3 317 782	7 625 465	10 943 247
Total minimum installments	6 666 210	24 761 885 \$	31 428 095 \$
Less: interest calculated at rates between 11.8% and 18.9%	2 915 849		
	3 750 361		
Less current installments	68 610		
Commitments under capital lease contracts	3 681 751 \$		

6 - SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC
(Program 7 of the ministère des Communications)

	Total	Fiscal year ended		
		August 31, 1983 (first 7 months)	August 31, 1982	August 31, 1981
Appropriations 1980-1981				
Budget Estimates	36 156 500 \$			
Budget cut	500 000			
	35 656 500 \$			20 592 458 \$
Appropriations 1981-1982				
Budget Estimates	43 600 000 \$			
Supplementary estimates	336 800			
	43 936 800 \$		25 629 800 \$	18 307 000
Appropriations 1982-1983				
Budget Estimates	51 460 800 \$			
Budget cut	1 100 000			
	50 360 800 \$	29 377 133 \$	20 983 667	
Revenue for the year according to accounting practice			46 613 467	38 899 458
Cash at August 31			55 787 160	48 932 458
Deferred revenue at August 31			9 173 693 \$	10 033 000 \$

RADIO-QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

7 - BONDS

Funds for bond redemption come from a grant by the Government for that purpose.

	1982
Series "A" bonds, 17.5%, maturing December 23, 1996	5 600 000 \$
Less:	
Due within one year	850 000
	<u>4 750 000 \$</u>

Redemption payments over the next five fiscal years detail as follows:

1983	850 000 \$
1984	300 000
1985	250 000
1986	250 000
1987	275 000

8 - FINANCIAL CHARGES

	1982	1981
Interest on borrowings from financial institutions	832 699 \$	651 278 \$
Bond interest	675 260	
Interest on capital lease contracts	546 286	213 077
	<u>2 054 245</u>	<u>864 355</u>
Less:		
Interest capitalized to antenna network being set up	459 308	233 007
	<u>1 594 937 \$</u>	<u>631 348 \$</u>

9 - EXPENDITURE BY CATEGORY

	1982	1981
Wages, salaries and fringe benefits	25 755 303 \$	23 030 498 \$
Transportation and communications	3 078 880	2 618 868
Professional, administrative and other services	5 122 457	5 341 112
Rent	4 996 913	3 939 678
Supplies	2 853 726	2 642 694
Broadcast and distribution rights	4 811 052	2 628 575
Depreciation of fixed assets	1 238 390	1 037 566
Gain on disposal of fixed assets	(119 728)	
Bad debts	31 000	51 868
Financial charges	1 594 937	631 348
Other	49 362 930	41 964 549
Less:		
Shows produced and under production - change for the year	2 258 850	3 871 327
	<u>47 104 080 \$</u>	<u>38 093 222 \$</u>

10 - REVENUE

	1982	1981
Sales and services	857 200 \$	492 137 \$
Interest on term, bank and other deposits	320 305	285 066
	<u>1 177 505 \$</u>	<u>777 203 \$</u>

11 - SUBSEQUENT EVENT

Radio-Québec granted a mortgage loan to the lessor of its head office in the amount of \$3 731 295. Approved by the Government, this loan bears annual interest of 1.7% and is payable according to the following terms: a total of \$3 031 395 to be paid by equal monthly installments until 1997 and \$700 000 by equal monthly installments until 1991.

12 - COMPARATIVE FIGURES

Certain data from the 1981 balance sheet and statement of change in financial position were reclassified for purposes of comparison with the 1982 presentation.

Because of important changes made to the statement of revenue and expenditure, comparative figures for 1981 have not been presented.

RAFFINERIE DE SUCRE DU QUÉBEC

R.S.Q., c. R-0.1

AUDITOR'S REPORT

I have examined the balance sheet of the Raffinerie de sucre du Québec at March 31, 1983, as well as the statement of operating results, of deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial position of the Raffinerie at March 31, 1983 as well as the results of its operations and the change in financial position for the year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Quebec, August 26, 1983.

RAFFINERIE DE SUCRE DU QUÉBEC

R.S.Q., c. R-0.1

BALANCE SHEET

as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Accounts receivable	1 998 148 \$	175 175 \$
Advances to producers (Note 3)	1 264 319	
Inventories (Note 4)	6 042 416	1 273 547
Prepaid expenses	375 469	97 784
	9 680 352	1 546 506
SUBSIDY RECEIVABLE (Note 5)	1 414 950	5 946 960
DEFERRED CHARGES	2 617 067	
FIXED ASSETS (Note 6)	54 457 917	35 390 183
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 7)	5 943 405	
	<u>74 113 691 \$</u>	<u>42 883 649 \$</u>
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash on hand	380 598 \$	10 336 \$
Accounts payable and accrued expenses	1 522 467	997 270
Long-term debt due within one year (Note 8)	250 000	
Installments due under a capital lease contract (Note 7)	196 599	
	2 349 664	1 007 606
LONG-TERM DEBT (Note 8)	38 983 432	22 992 000
COMMITMENTS UNDER CAPITAL LEASE (Note 7)	5 616 982	
DEFERRED CREDIT (Note 9)	11 844 626	5 870 956
ADVANCES — GOUVERNEMENT DU QUÉBEC		2 000 000
	<u>58 794 704</u>	<u>31 870 562</u>
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 10)		
Authorized: 500 000 shares, par value of \$100		
Issued and paid-up: 180 000 shares	18 000 000	
(DEFICIT) RETAINED EARNINGS	(2 681 013)	11 013 087
	<u>15 318 987</u>	<u>11 013 087</u>
	<u>74 113 691 \$</u>	<u>42 883 649 \$</u>

ON BEHALF OF THE RAFFINERIE,

André MARIER
Jean-Marie KIROUAC

RAFFINERIE DE SUCRE DU QUÉBEC

DEFICIT
for the fiscal year ended March 31, 1983

	1983	1982
RETAINED EARNINGS AT THE BEGINNING	11 013 087 \$	12 402 475 \$
Share issue (Note 10)	11 000 000	
Net loss	13 087	12 402 475
(DEFICIT) RETAINED EARNINGS AT YEAR-END	2 694 100	1 389 388
	<u>(2 681 013) \$</u>	<u>11 013 087 \$</u>

OPERATING RESULTS
for the fiscal year ended March 31, 1983

	1983	1982
SALES		
COST OF SALES	4 420 450 \$	8 449 309 \$
GROSS PROFIT (LOSSES)	3 695 127	8 906 918
OTHER EXPENSES	725 323	(457 609)
Shipping charges and sales expenses		
Administrative expenses	405 196	86 236
Net financial charges (revenue) (Note 11)	997 930	804 500
Depreciation of fixed assets (Note 6)	1 330 647	(225 208)
	685 650	266 251
NET LOSS	3 419 423	931 779
	<u>2 694 100 \$</u>	<u>1 389 388 \$</u>

RAFFINERIE DE SUCRE DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Long-term debt	15 991 432 \$	21 189 975 \$
Subsidy (Note 5)	5 659 800	
Share issue (Note 10)	5 000 000	
Commitments under capital lease	6 000 000	
Disposal of fixed assets (Note 7)	6 000 000	1 600
	<u>38 651 232</u>	<u>21 191 575</u>
APPLICATION OF FUNDS		
Net loss	2 694 100	1 389 388
Depreciation of fixed assets (Note 6)	(685 650)	(266 251)
Amortization of deferred charges	(46 614)	
Deferred credit (Note 9)	97 767	76 004
Gain (loss) on disposal of fixed assets	(2 180)	1 255
Funds for operations	<u>2 057 423</u>	<u>1 200 396</u>
Deferred charges	<u>2 663 681</u>	
Acquisition of fixed assets	20 755 322	21 727 808
Acquisition of fixed assets under capital lease (Note 7)	6 000 000	
Decrease in capital lease commitments	383 018	
	<u>27 138 340</u>	<u>21 727 808</u>
	<u>31 859 444</u>	<u>22 928 204</u>
INCREASE (DECREASE) IN WORKING CAPITAL	6 791 788	(1 736 629)
WORKING CAPITAL AT THE BEGINNING	538 900	2 275 529
WORKING CAPITAL AT YEAR-END	<u>7 330 688 \$</u>	<u>538 900 \$</u>

RAFFINERIE DE SUCRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Founded as the "Raffinerie de sucre de Québec" under letters patent on July 7, 1943, the corporation continues under the name of the Raffinerie de sucre du Québec and is governed by the provisions of the Act respecting the Raffinerie de sucre du Québec, which was given assent on June 23, 1982 and came into force as of that date.

The Raffinerie is charged with:

- (1) extracting, refining, making and marketing sugar from beets or other sources and derivatives, substitutes or by-products of sugar;
- (2) carrying out any industrial, agricultural, commercial or research activity compatible with the pursuit of the aforementioned goals.

2 - ACCOUNTING POLICIES

Raffinerie financial statements were prepared according to generally recognized accounting principles, within the bounds of accounting practice summarized as follows:

Inventories

Inventories of:

- sugar - entered at lesser of cost and net realization value;
- by-products - at net realization value;
- supplies - at average cost;
- seed grains - at cost.

Deferred charges

Charges incurred for the marketing of refined sugar are deferred and amortized on the basis of the quantity of product delivered over the total projected for a six-year period.

Fixed assets

Fixed assets are entered at cost of acquisition. This includes materials, direct labour, related charges and start-up costs for the expansion and modernization of Raffinerie facilities under way. Also included is interest charged to the program.

Depreciation on serviced land, buildings and rolling-stock is charged according to the straight-line method on the basis of estimated useful life. Annual rates vary from 2% to 25%.

The production method of depreciation is used in the case of machinery and equipment.

6 - FIXED ASSETS

	1983		1982	
	Cost	Accumulated Depreciation	Net	Net
Land	1 267 217 \$		1 267 217 \$	279 704 \$
Land servicing	2 382 388	263 871 \$	2 118 517	17 530
Buildings	21 373 725	2 048 316	19 325 409	4 098 883
Machinery, equipment and rolling-stock	35 336 240	4 246 976	31 089 264	4 279 938
	60 359 570	6 559 163	53 800 407	8 676 055
Expansion and modernization of installations under way	657 510		657 510	26 714 128
	61 017 080 \$	6 559 163 \$	54 457 917 \$	35 390 183 \$

The program for expanding and modernizing Raffinerie installations, is estimated to cost a total of \$56.8 million, including the \$3.5 million to be incurred during 1983-1984. Certain assets coming within the scope of that program were put into commercial operation during the year. Their cost of \$44.4 million has been recorded under fixed assets and depreciation is charged accordingly.

Depreciation for the year in the amount of \$685 650 includes that on assets held under capital lease.

Assets held under capital lease

Depreciation on assets held under the terms of a capital lease contract is charged using the same method as for fixed assets. Commitments under such a contract are recorded at the current value of minimal payments to be made.

Deferred credit

Government financial assistance for the expansion and modernization of Raffinerie installations and any gain realized on certain assets ceded are recorded as deferred credit and transferred to operating results as depreciation is charged on such assets.

Expenditure assumed by the Government

The Raffinerie contribution as employer to its employees' pension plan, assumed by the gouvernement du Québec, is not reflected in the statement of operating results.

Refined sugar division operations

Raffinerie results include those of its refined sugar division, operational since December 1982 under the name "Société québécoise du sucre".

3 - ADVANCES TO PRODUCERS

Under the terms of an agreement reached with the Régie des assurances agricoles du Québec, the Raffinerie made advance payments to sugar beet producers on December 10, 1982 and February 28, 1983 secured by the indemnity payable under the farm income stabilization insurance fund on February 28 and April 11, 1983 by the Régie. Advances were fully reimbursed in May 1983.

4 - INVENTORIES

	1983	1982
Sugar	4 389 162 \$	8 635 \$
By-products	551 257	502 103
Supplies	796 616	416 356
Seed grain	305 381	346 453
	6 042 416 \$	1 273 547 \$

5 - SUBSIDY RECEIVABLE

The balance of a total subsidy in the amount of \$7 074 750 from the Government of Canada toward the expansion and modernization of facilities for producing semi-refined sugar, still to be received at March 31, 1983 is \$1 414 950.

RAFFINERIE DE SUCRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

7 - CAPITAL LEASE

Assets held under a capital lease contract:

Machinery and equipment	6 000 000 \$
Accumulated depreciation	56 595
	<u>5 943 405 \$</u>

For financing purposes, the Raffinerie disposed of assets for \$6 million then acquired them again for the same price under the terms of a sale and leaseback agreement.

The following table details the current value of minimal payments to be made after March 31, 1983 under the lease contract.

Fiscal year	
1984	1 004 105 \$
1985	1 004 105
1986	1 004 105
1987	1 004 105
1988	1 004 105
thereafter through 1995	7 196 083
Total minimum installments	<u>12 216 608</u>
Less: interest	6 403 027
	<u>5 813 581</u>
Less: current installments	196 599
Capital lease commitment	<u>5 616 982 \$</u>

8 - LONG-TERM DEBT

	1983	1982
Debt relating to the expansion and modernization program under way		
Bank indebtedness	36 916 000 \$	19 161 000 \$
Accounts payable and accrued charges	318 610	2 938 600
Guarantee withholdings	519 184	792 852
Owed on land acquisition	79 638	99 548
	<u>37 833 432</u>	<u>22 992 000</u>
Other debt	1 400 000	
Due within one year	250 000	
	<u>1 150 000</u>	
	<u>38 983 432 \$</u>	<u>22 992 000 \$</u>

Debt having to do with the expansion and modernization program in progress is considered by the Raffinerie as long-term since repayments will be financed through the issue of capital stock or long-term debt instruments.

9 - DEFERRED CREDIT

	1983	1982
Government assistance for the expansion and modernization of Raffinerie installations under way	6 998 746 \$	5 946 960 \$
Gain on sale and leaseback of certain fixed assets	<u>4 943 647 \$</u>	
	11 942 393	5 946 960
Transfer for the year	97 767	76 004
	<u>11 844 626 \$</u>	<u>5 870 956 \$</u>

10 - CAPITAL STOCK

All Raffinerie shares are held by the gouvernement du Québec.

Authorized share capital is \$50 million. During the fiscal year ended March 31, 1983 180 000 shares were issued and paid-up:

- (a) 20 000 shares were issued to the gouvernement du Québec as payment for advances of \$2 million;
- (b) 110 000 shares worth \$11 million for assets ceded by the ministère de l'Agriculture, des Pêcheries et de l'Alimentation;
- (c) 50 000 shares issued in October 1982 for \$5 million cash.

During fiscal 1983-1984 and 1984-1985 the Government will pay up to \$9 million each year and up to \$3 million in fiscal 1985-1986 for a corresponding amount of its paid-up capital stock. The Government may also pay the Raffinerie an additional sum of \$11 million for a corresponding amount of its capital stock, in one or more installments, as it sees fit and according to the terms it decides to set. 60 000 shares were issued on April 4, 1983 for a cash payment of \$6 million.

11 - NET FINANCIAL CHARGES (REVENUE)

	1983	1982
Interest on borrowings	4 651 500 \$	2 059 045 \$
Transfer of deferred credit (Note 9)	(97 767)	(76 004)
Interest charged to the expansion and modernization program for Raffinerie installations	(3 204 626)	(2 018 196)
Other	(18 460)	(190 053)
	<u>1 330 647 \$</u>	<u>(225 208) \$</u>

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance automobile du Québec at February 28, 1983 as well as the statement of revenue and expenditure, that of the stabilization reserve and that of change in cash position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Régie at February 28, 1983 as well as its operating results for the fiscal year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, May 6, 1983.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

ACTUARIAL CERTIFICATE

As required under section 153 of the Automobile Insurance Act, I conducted a valuation of the amount needed to cover the payment of all present and future indemnities resulting from accidents occurring between March 1, 1978 and February 28, 1983, as provided for under the Act. In my opinion, this valuation is based on reliable data and founded on appropriate assumptions and methods wholly in conformity with generally recognized actuarial principles. At February 28, 1983, the actuarial reserve amounts to \$1 342.4 million.

Jacques DALLAIRE, F.I.C.A.

Sillery, April 18, 1983.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

R.S.Q., c. R-4 and amendments

BALANCE SHEET

as at February 28, 1983

(\$ THOUSANDS)

	1983	1982
ASSETS		
Cash	7 540	5 156
Contributions receivable	6 272	18 329
Amount receivable from the Fonds d'indemnisation automobile du Québec	1 210	1 009
Deposits in the Caisse de dépôt et placement du Québec General Fund	29 662	22 036
Demand deposits	24 313	49 193
Term deposits	10 000	75 000
Participation deposits (Note 3)	1 545 506	1 163 999
Implementation charges — unamortized cost		1 551
Other assets	1 193	1 386
	<u>1 625 696</u>	<u>1 337 659</u>
LIABILITIES AND RESERVE		
Accounts payable and accrued charges	15 759	10 874
Owed the gouvernement du Québec	3 507	14 876
Deferred contributions (Note 4)	119 260	124 759
Commitments to victims — actuarial reserve (Note 5)	1 342 400	991 800
	<u>1 480 926</u>	<u>1 142 309</u>
Stabilization reserve for contributions	144 770	195 350
	<u>1 625 696</u>	<u>1 337 659</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Claudine SOTIAU, Chairman and Director General
 Jacques DESMEULES, Vice-president

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

REVENUE AND EXPENDITURE

for the fiscal year ended February 28, 1983

(\$ THOUSANDS)

	1983	1982
REVENUE		
Contributions		
Registration	288 162	257 530
Driver's licences	67 983	61 634
Fuel tax (Note 7)		21 890
Investment income	180 538	129 829
Other	118	344
	<u>536 801</u>	<u>471 227</u>
Less: Contribution to the Fonds d'indemnisation automobile du Québec	1 142	1 120
	<u>535 659</u>	<u>470 107</u>
EXPENDITURE		
Compensation paid		
Income replacement	80 059	65 468
Death benefits	18 181	13 938
Other	41 534	34 606
	<u>139 774</u>	<u>114 012</u>
Administrative expenses (Note 8)	96 012	86 983
Assigned charges (Note 8)	147	62 898
	<u>95 865</u>	<u>24 085</u>
Increase in the actuarial reserve	317 800	283 000
	<u>553 439</u>	<u>421 097</u>
SURPLUS EXPENDITURE OVER REVENUE FOR THE FISCAL YEAR	<u>(17 780)</u>	<u>49 010</u>

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

CHANGE IN CASH POSITION
for the fiscal year ended February 28, 1983
(\$ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Surplus expenditure over revenue for the year	(17 780)	49 010
Items without impact on the cash position		
Amortization of implementation charges	1 551	1 551
Increase in the actuarial reserve	317 800	283 000
Funds generated from operations	301 571	333 561
Increase in liabilities		
Accounts payable and accrued charges	4 885	3 715
Decrease in assets		
Contributions receivable	12 057	45 514
Other	193	109
	<u>318 706</u>	<u>382 899</u>
APPLICATION OF FUNDS		
Funds entrusted to the Caisse de dépôt et placement du Québec		
Demand deposits	(24 880)	28 774
Term deposits	(65 000)	28 000
Participation deposits	381 507	332 333
	<u>291 627</u>	<u>389 107</u>
Increase in assets		
Owed by the Fonds d'indemnisation automobile du Québec	201	1 345
Investment income accrued and receivable	7 626	7 260
Decrease in liabilities		
Owed the gouvernement du Québec	11 369	(18 494)
Deferred contributions	5 499	8 927
	<u>316 322</u>	<u>388 145</u>
NET INCREASE IN THE CASH POSITION	2 384	(5 248)
BALANCE AT THE BEGINNING	5 156	10 402
BALANCE AT YEAR-END	<u>7 540</u>	<u>5 156</u>

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC**STABILIZATION RESERVE**

for the fiscal year ended February 28, 1983

(\$ THOUSANDS)

	1983	1982
Balance at the beginning	195 350	120 640
Surplus expenditure over revenue	(17 780)	49 010
Change to the actuarial reserve (Note 6)	(32 800)	25 700
Balance at year-end	<u>144 770</u>	<u>195 350</u>

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Constituted a corporation within the meaning of the Civil Code on March 1, 1976, the Régie de l'assurance automobile du Québec was given responsibility for:

- (a) implementing the plan for compensating victims of bodily injury as prescribed by the Automobile Insurance Act;
- (b) administering the Fonds d'indemnisation automobile du Québec;
- (c) applying the Highway Safety Code provisions covering the registration of road vehicles and the issuance of permits and licences; and
- (d) promoting highway safety as relates to both driving habits and vehicle safety standards.

2 - ACCOUNTING POLICIES

- (a) Deposits in the Caisse de dépôt et placement du Québec General Fund

Participation deposits are recorded at acquisition cost.

- (b) Fixed assets

The cost of furniture, equipment and leasehold improvements is charged to administrative expenses.

- (c) Actuarial reserve

The actuarial reserve includes:

- (1) the capitalized value of income replacement, death benefits and other compensation for claims filed and accepted;
- (2) the estimated cost of compensation payable for claims under study or not yet filed;
- (3) the estimated cost for the future administration of compensation benefits.

3 - PARTICIPATION DEPOSITS

At February 28, 1983, the Régie held 2 061 102 units of the Caisse de dépôt et placement du Québec General Fund participation deposits. These units are redeemable on notice according to Caisse by-laws at the realization value of the General Fund's net equity at the end of each quarter. On the basis of unit value at December 31, 1982, the realization value of participation deposits held is estimated to be \$1 649 108 000.

4 - DEFERRED CONTRIBUTIONS

This amount represents contributions paid before March 1, 1983 by automobile owners and drivers for fiscal years ending after February 28, 1983, as well as notices of credit outstanding.

5 - COMMITMENTS TO VICTIMS - ACTUARIAL RESERVE

	1983	1982
	(\$ THOU- SANDS)	(\$ THOU- SANDS)
Claims filed and accepted:		
Capitalized value of future benefits including pension upgrading	1 167 300	844 900
Claims under study or not yet filed:		
Estimated value of resulting compensation	106 300	92 300
Future administrative expenses:		
Estimated charges for benefit payments	68 800	54 600
	<u>1 342 400</u>	<u>991 800</u>

6 - RETROACTIVE CHANGE TO THE ACTUARIAL RESERVE

The result of changes to assumptions at the time of valuation on February 28, 1982 is an increase in the actuarial reserve by \$32 800 000 and a corresponding decrease to the stabilization reserve (1982 decrease of \$25 700 000 in the actuarial reserve).

These changes, which were not applied retroactively, flow from statistical data gathered over the current fiscal year.

7 - FUEL TAX

Under the Act amending the Automobile Insurance Act and other legislative provisions (1982, c.59), the Régie no longer draws revenue as of March 1, 1982 from fuel tax.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

8 - ADMINISTRATIVE EXPENSES

Under the Act amending the Automobile Insurance Act and other legislative provisions (1982, c.59), the Régie assumes the charges, beginning the current fiscal year, that applying the Highway Safety Code and promoting road safety require.

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Charges for collecting contributions	5 585	10 705
Service charges:		
Gouvernement du Québec		1 458
Régie de l'assurance-maladie du Québec	853	796
Wages, salaries and fringe benefits	52 782	47 442
Travel expenses	1 203	1 080
Rental of premises and equipment	7 140	5 338
Furniture, equipment and maintenance	3 571	1 451
Transportation and communications	5 125	3 846
Information and advertising	1 781	1 031
Professional and administrative services	5 934	4 349
Fees for claims experts in helping victims	300	283
Computer services	5 976	1 571
Printing, office supplies and other expenses	4 141	4 367
Bad debts	70	1 705
Amortization of implementation costs	1 551	1 551
	<u>96 012</u>	<u>86 983</u>

9 - RENT

At February 28, 1983, minimal payments under long-term leases for premises detail as follows:

	(\$ THOUSANDS)
1984	4 794
1985	3 564
1986	2 985
1987	1 651
1988	1 278
1989 and subsequent fiscal years	<u>2 701</u>
	<u>16 973</u>

10 - SUBSEQUENT EVENT

As of March 1, 1983, the Régie replaces the Fonds d'indemnisation automobile du Québec, acquiring its rights and assuming its obligations (1982, c.59).

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC
FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC
R.S.Q., c. A-25

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'indemnisation automobile du Québec at February 28, 1983 as well as the statement of revenue and expenditure and that of the general reserve for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Fonds at February 28, 1983 and the results of its operations for the year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, May 6, 1983.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC

R.S.Q., c. A-25

ACTUARIAL CERTIFICATE

As required under Section 153 of the Automobile Insurance Act, I conducted a valuation of the amount needed to meet the payment of all present and future compensation provided for in title IV and Section 202 of the Automobile Insurance Act resulting from accidents that occurred between September 30, 1961 and February 28, 1983. In my opinion, this valuation is based on reliable data, and founded on appropriate assumptions and methods wholly in conformity with generally recognized actuarial principles. At February 28, 1983, the actuarial reserve amounts to \$6 706 000.

Jacques DALLAIRE, F.I.C.A.

Sillery, April 15, 1983.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC

R.S.Q., c. A-25

BALANCE SHEET

as at February 28, 1983

ASSETS	<u>1983</u>	<u>1982</u>
Cash and short-term deposits	1 653 612 \$	
Investment income accrued and receivable	156 198	145 622 \$
Accounts receivable (Note 3)	67 166 098	70 964 046
Less allowance for bad debts	(67 166 098)	(70 964 046)
Deposits in the General Fund of the Caisse de dépôt et placement du Québec		
Demand deposits	1 613 313	3 771 492
Term deposits	4 000 000	7 000 000
Participation deposits (Note 4)	2 327 975	2 327 975
Reorganization expenses — at unamortized cost		38 104
	<u>9 751 098 \$</u>	<u>13 283 193 \$</u>
LIABILITIES AND RESERVE		
Outstanding cheques less cash on hand		48 896 \$
Accounts payable and accrued charges	37 158 \$	70 229
Owed the Régie de l'assurance automobile du Québec	1 209 520	1 008 560
Payments against anticipated claims	201 258	290 931
Commitments toward beneficiaries — actuarial reserve (Note 5)	6 706 000	8 407 000
	<u>8 153 936</u>	<u>9 825 616</u>
General reserve	1 597 162	3 457 577
	<u>9 751 098 \$</u>	<u>13 283 193 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Claudine SOTIAU, Chairman and Director General
 Jacques DESMEULES, Vice-president

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC
FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC

GENERAL RESERVE
for the fiscal year ended February 28, 1983

	1983	1982
Balance at the beginning	3 457 577 \$	3 253 178 \$
Surplus expenditure over revenue for the year	(1 860 415)	204 399
Balance at year-end	<u>1 597 162 \$</u>	<u>3 457 577 \$</u>

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC
FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC

REVENUE AND EXPENDITURE
for the fiscal year ended February 28, 1983

	1983	1982
REVENUE		
Contribution from the Régie de l'assurance automobile du Québec (Note 6)	1 142 128 \$	1 119 888 \$
Investment income	1 377 862	2 027 953
	<u>2 519 990</u>	<u>3 147 841</u>
EXPENDITURE		
Compensation for bodily injury and property damage (Note 7)	4 721 996	6 825 309
Administrative expenses		
Services rendered by the Régie de l'assurance automobile du Québec (Note 8)	54 573	60 324
Wages, salaries and fringe benefits	876 264	860 194
Travel expenses	15 670	8 373
Premises and equipment rental	115 917	148 503
Furniture, equipment and maintenance	6 342	15 560
Transportation and communications	60 555	50 529
Information and advertising	749	5 409
Professional fees	141 633	124 201
Computer services	33 434	19 096
Amortization of reorganization charges	38 104	38 104
Printing, office supplies and other expenses	16 168	19 840
	<u>1 359 409</u>	<u>1 350 133</u>
	6 081 405	8 175 442
Decrease in actuarial liability (Note 9)	1 701 000	5 232 000
	<u>4 380 405</u>	<u>2 943 442</u>
SURPLUS EXPENDITURE OVER REVENUE	<u>(1 860 415) \$</u>	<u>204 399 \$</u>

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC **FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC**

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Created under the Automobile Insurance Act, the Fonds d'indemnisation is responsible for:

- (a) meeting outstanding claims under the Highway Victims Indemnity Act (R.S.Q., c. I-5) resulting from accidents that occurred between September 30, 1961 and March 1, 1978; and
- (b) satisfying claims under the Automobile Insurance Act due to accidents occurring since March 1, 1978.

2 - ACCOUNTING POLICIES

(a) Bad debts

The allowance for bad debts represents the recoverable amount of benefits paid. Sums recovered during the year are posted to operations as a reduction of the cost of compensation.

(b) Deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost of acquisition.

(c) Fixed assets

The purchase of furniture and equipment, as well as the cost of leasehold improvements, is charged to administrative expenses.

(d) Commitments toward victims - actuarial liability

At the end of the year, Fonds commitments toward victims is an actuarial estimate of the amount needed to meet all present and future claims as well as attendant administrative expenses for the payment of benefits resulting from accidents that occurred before that date, less the value of recoverable compensation.

3 - ACCOUNTS RECEIVABLE

	1983	1982
Balance at the beginning	70 964 046 \$	75 933 066 \$
New accounts	6 343 105	7 994 651
	<u>77 307 151</u>	<u>83 927 717</u>
Recovered	3 299 443	3 600 230
Written off	6 841 610	9 363 441
	<u>10 141 053</u>	<u>12 963 671</u>
Balance at year-end	<u>67 166 098 \$</u>	<u>70 964 046 \$</u>

4 - PARTICIPATION DEPOSITS

At February 28, 1983, the Fond held 2 685 units of Caisse de dépôt et placement du Québec General Fund participation deposits. These units may be redeemed upon notice under the terms of Caisse de dépôt by-laws, based on the net realization value of General Fund equity at the end of each quarter. On the basis of the unit realization value at December 31, 1982, participation deposits are estimated to be worth \$2 149 300.

5 - COMMITMENTS TO VICTIMS - ACTUARIAL RESERVE

	Accidents Occurring			
	Before March 1, 1978	Since March 1, 1978	Total 1983	Total 1982
Provision for claims filed and accepted	(2 287 000) \$	1 070 000 \$	(1 217 000) \$	47 000 \$
Provision for claims under study or not yet filed	3 343 000	1 104 000	4 447 000	5 140 000
Provision for future administrative expenses	3 349 000	127 000	3 476 000	3 220 000
	<u>4 405 000 \$</u>	<u>2 301 000 \$</u>	<u>6 706 000 \$</u>	<u>8 407 000 \$</u>

The debit balance of \$2 287 000 represents the current value of compensation recovered over the allowance for claims filed and accepted.

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC
FONDS D'INDEMNISATION AUTOMOBILE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

6 - FINANCING

Commitments resulting from accidents which took place prior to March 1, 1978 are paid out of assets acquired on that date.

The Régie de l'assurance automobile du Québec makes provision for the payment of compensation benefits resulting from accidents occurring since March 1, 1978, along with attendant administrative expenses, less the share pertaining to investment income.

7 - COMPENSATION FOR BODILY INJURY AND PROPERTY DAMAGE

	Accidents Reported		Total	
	Before March 1, 1978	Since March 1, 1978	1983	1982
Benefits paid	5 674 060 \$	874 503 \$	6 548 563 \$	8 744 174 \$
Interest paid	1 106 016	4 052	1 110 068	1 239 046
Professional fees and other outlays	185 434	177 374	362 808	442 319
	6 965 510	1 055 929	8 021 439	10 425 539
Less: amounts recovered	3 275 007	24 436	3 299 443	3 600 230
	<u>3 690 503 \$</u>	<u>1 031 493 \$</u>	<u>4 721 996 \$</u>	<u>6 825 309 \$</u>

8 - ADMINISTRATIVE SERVICES RENDERED BY THE RÉGIE

The value of administrative services rendered by the Régie de l'assurance automobile du Québec totals \$146 695, of which \$54 573 is recorded under that item and the remainder included in various other expenditure categories.

10 - SUBSEQUENT EVENT

As of March 1, 1983, the Régie replaces the Fonds d'indemnisation automobile du Québec, acquiring its rights and assuming its obligations (1982, c.59).

9 - DECREASE IN THE ACTUARIAL RESERVE

	1983	1982
Accidents occurring		
Before March 1, 1978	1 802 000 \$	5 224 000 \$
Since March 1, 1978	(101 000)	8 000
	<u>1 701 000 \$</u>	<u>5 232 000 \$</u>

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

R.S.Q., c. A-26

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance-dépôts du Québec at December 31, 1982, as well as the statement of operating results and deficit for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Régie at December 31, 1982 and the results of its operations for the year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, March 28, 1983.

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

R.S.Q., c. A-26

BALANCE SHEET

as at December 31, 1982

	1982	1981 (Note 9)
ASSETS		
Cash	2 528 432 \$	5 238 583 \$
Premiums and other accounts receivable	2 036 634	45 921
Advances to registered institutions (Note 3)	26 029 174	59 677 072
Claims on insured deposits (Note 4)	6 999 790	4 773 783
	<u>37 594 030 \$</u>	<u>69 735 359 \$</u>
LIABILITIES		
Borrowings (Note 5)	33 700 000 \$	63 820 000 \$
Accrued interest on borrowings	308 972	4 752 476
Accounts payable		19 393
	<u>34 008 972</u>	<u>68 591 869</u>
FONDS D'ASSURANCE-DÉPÔTS EQUITY		
Contribution from the Government	1 000 000	1 000 000
Premiums for the year	3 106 930	
Deficit (accumulated revenue)	521 872	(143 490)
	<u>3 585 058</u>	<u>1 143 490</u>
	<u>37 594 030 \$</u>	<u>69 735 359 \$</u>

Contingencies (Note 8)

ON BEHALF OF THE BOARD OF DIRECTORS,

Jean-Marie BOUCHARD

Victor P. GUERCI

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

OPERATING RESULTS AND DEFICIT
for the fiscal year ended December 31, 1982

	1982	1981 (Note 9)
REVENUE		
Interest on advances to registered institutions	5 136 794 \$	4 670 390 \$
Interest on bank deposits and other accounts receivable	771 900	417 049
	<u>5 908 694</u>	<u>5 087 439</u>
EXPENDITURE		
Interest on borrowings	6 601 384	5 282 409
Administrative expenses (Note 6)	223 121	245 148
Other	4 072	11 125
	<u>6 828 577</u>	<u>5 538 682</u>
Less: Administrative expenses assumed by the Government	223 121	245 148
	<u>6 605 456</u>	<u>5 293 534</u>
NET LOSS FOR THE YEAR	696 762	206 095
ACCUMULATED REVENUE AT THE BEGINNING	143 490	331 844
	<u>553 272</u>	<u>125 749</u>
Decrease in the provision for losses	31 400	17 741
DEFICIT (ACCUMULATED REVENUE) AT YEAR-END	<u>521 872 \$</u>	<u>(143 490) \$</u>

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - SCOPE OF ACTIVITY AND FINANCING

The Régie de l'assurance-dépôts du Québec, created under the Deposit Insurance Act (R.S.Q., c. A-26), guarantees the depositor of money in a registered institution the payment of capital and interest upon maturity, to a maximum of \$20 000. According to a Cabinet decision taken January 26, 1983, a bill is to be presented before the National Assembly in the next few months with a view to raising the guarantee to \$60 000 beginning January 17, 1983 on deposits with registered institutions at such date.

The Government, under the terms it sets, provides the Régie with the sums needed to constitute adequate reserves to cover risks assumed. The Government may also provide the Régie with advances or guarantee the payment of commitments it might make. The unpaid balance of such advances and guarantees may not exceed \$700 000 000.

Since April 1982, the Régie requires registered institutions pay a premium for deposit insurance.

2 - ACCOUNTING POLICIES

Régie financial statements were prepared by management according to the accrual method, within the bounds of accounting practice summarized as follows:

Premiums

Premiums collected from registered institutions are calculated on the basis of the amount of their insured deposits at March 31st each year and posted to Deposit Insurance Fund equity.

Losses

Provision for losses arising from the subrogation of depositors' rights and interests or from specific intervention taken is entered on the books as soon as a reasonable evaluation can be carried out. Losses are charged to accumulated revenue or deficit, depending on the case.

Administrative expenses assumed by the Government

The Régie's administrative expenses are assumed by the Government and paid from funds the Legislature votes annually for that purpose.

Administrative expenditure is recorded according to Government accounting practice.

That part of remuneration to certain officers of the ministère des Institutions financières et Coopératives, along with inspection and enquiry charges, having to do with the deposit insurance plan, as well as the cost of fringe benefits to Régie employees and support services such as telephone and rent, assumed by other departments, are not included under expenditure on Régie financial statements.

3 - ADVANCES TO REGISTERED INSTITUTIONS

At December 31, 1982, advances to registered institutions detail as follows:

Confédération des caisses populaires et d'économie Desjardins du Québec, interest-free and payable in 1996	6 400 000 \$
Fédération des caisses d'entraide économique du Québec, secured by 10 000 units of its bond fund, with a book value of \$8 700 000 at December 31, 1982	
Advances	3 021 975
Accrued interest	1 934 091
	<u>4 956 066 *</u>
Société d'entraide économique advances to 12 sociétés are secured in whole or in part by units of Fédération des caisses d'entraide économique du Québec bond fund	
Advances	12 578 511
Accrued interest	2 094 597
	<u>14 673 108 *</u>
	<u>26 029 174 \$</u>

* These advances, payable on demand, bear interest at 14% over prime.

4 - CLAIMS FOR REIMBURSEMENT OF INSURED DEPOSITS

Under its powers of subrogation, the Régie believes it can recover the following on amounts paid the depositors of registered institutions:

	1982	1981
Claims	7 552 910 \$	5 356 783 \$
Provision for losses	553 120	583 000 \$
	<u>6 999 790 \$</u>	<u>4 773 783 \$</u>

In the years ahead, the Régie may be called upon to make further payments on the balance of insured deposits in the amount of \$10 500 000 with these same institutions.

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

5 - BORROWINGS

	1982	1981
Caisse centrale Desjardins du Québec, due July 1, 1983, renewable yearly, bearing interest at the prime rate, guaranteed by the Government	22 500 000 \$	
Gouvernement du Québec, due in 1996 and interest-free	6 400 000	6 400 000 \$
Repaid in 1982		25 220 000
Fédération des caisses populaires Desjardins du Québec, due May 28, 1983, renewable yearly and bearing interest at the prime rate, guaranteed by the Government	4 800 000	2 200 000
Société d'assurance-dépôts du Canada		30 000 000
	<u>33 700 000 \$</u>	<u>63 820 000 \$</u>

6 - ADMINISTRATIVE EXPENSES

	1982	1981
Wages, salaries and allowances	203 719 \$	227 692 \$
Other charges	19 402	17 456
	<u>223 121 \$</u>	<u>245 148 \$</u>

7 - INSURED DEPOSITS

According to the annual reports filed by registered institutions for their fiscal year ended between July 1981 and June 1982, insured deposits amounted to \$15.6 billion (1981, \$13.5 billion).

8 - CONTINGENT LIABILITY

Le Prêt Hypothécaire

On March 1, 1983, the Supreme Court turned down the appeal of the January 14, 1983 decision rendered by the Court of Appeal and, consequently, the Superior Court liquidation order of October 29, 1980 remains in effect. Le Prêt Hypothécaire will be liquidated in accordance with legal provisions governing the liquidation of insolvent companies (R.S.C., 1970, c. W-10).

The Régie will be required to reimburse depositors up to \$20 000 each in capital and interest for deposits which became due as a result of the Supreme Court decision. Interest ceases to accrue as of March 1, 1983.

No provision has been recorded for amounts the Régie will be required to reimburse beginning January 1, 1983.

Crown Trust

This Ontario trust company was seized by the government of that province on January 7, 1983 under legal provisions governing trust and loan companies. Crown Trust was operating in Québec under Régie permit.

According to an agreement reached February 7, 1983 between Crown Trust, Central Trust, the Deposit Insurance Corporation of Canada and the Registrar under the Loan and Trust Corporations Act of Ontario, Central Trust was appointed to administer the affairs of Crown Trust for a period of five years. The agreement allows Central Trust to acquire Crown Trust assets under certain conditions. Any loss arising from the liquidation of certain Crown Trust assets will be borne by the Deposit Insurance Corporation of Canada. Since part of Crown Trust deposits are insured by the Régie (deposits of \$20 000 and less accepted in Québec), an agreement has yet to be reached with the Deposit Insurance Corporation on the sharing of losses. An estimate of the loss to be sustained by the Régie with respect to Crown Trust cannot be made until the Central Trust liquidation of Crown Trust assets has not advanced to a further stage.

9 - COMPARATIVE FIGURES

The Régie made a significant change to financial statements for the fiscal year ended December 31, 1982, particularly as concerns Deposit Insurance Fund equity. Data from 1981 have been reclassified for purposes of the new presentation.

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

R.S.Q., c. R-5

AUDITOR'S REPORT

I have examined the statement of assets and liabilities of the Régie de l'assurance-maladie du Québec at March 31, 1983 as well as that of the cost and financing of programs administered by the Régie for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the assets and liabilities of the Régie at March 31, 1982, along with its operating costs and financing for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 10, 1983.

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

R.S.Q., c. R-5

ASSETS AND LIABILITIES

as at March 31, 1983

(\$ THOUSANDS)

	1983	1982
ASSETS		
Cash and short-term investments	7 483	2 849
Contributions receivable from the Health Services Fund	121 405	196 784
Charges to recover:		
Health Assistance program	21 791	10 598
Other programs	16 057	1 309
Sundry accounts receivable	2 408	2 539
Head office building (Note 3)	17 823	18 068
	<u>186 967</u>	<u>232 147</u>
LIABILITIES		
Outstanding cheques	22 376	21 934
Insured services payable	139 808	186 562
Sundry accounts payable and accrued charges	6 060	5 583
Mortgage loan (Note 3)	17 823	18 068
	<u>186 967</u>	<u>232 147</u>

ON BEHALF OF THE RÉGIE,

J. Auguste MOCKLE

Paul DESJARDINS

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

COST AND FINANCING OF PROGRAMS ADMINISTERED BY THE RÉGIE
for the fiscal year ended March 31, 1983

(\$ THOUSANDS)

	Health Insurance Plan	Health Assistance	Other Programs	Total	
				1983	1982
					(Note 6)
COST OF PROGRAMS					
Medical services	919 216		51 226	970 442	947 451
Optometric services	22 744	2 519		25 263	25 148
Dental services	60 674	33 637		94 311	118 955
Drugs and pharmaceutical services	105 204	45 149		150 353	152 593
Prostheses	9 666	2 912		12 578	12 038
Scholarships and allowances	3 417			3 417	2 408
Hospital services (Note 4)			97 931	97 931	69 517
	1 120 921	84 217	149 157	1 354 295	1 328 110
Recovery of third-party liabilities and contributions from foreign nationals for hospital services			2 764	2 764	3 050
	1 120 921	84 217	146 393	1 351 531	1 325 060
ADMINISTRATIVE EXPENSES					
(Note 5)	47 453	4 365	1 605	53 423	49 201
	1 168 374	88 582	147 998	1 404 954	1 374 261
SOURCES OF FINANCING					
Health Services Fund	1 162 621			1 162 621	1 173 435
Gouvernement du Québec		88 582	135 320	223 902	191 545
Reciprocal agreements with other provinces (Note 4)			12 678	12 678	2 119
Interest on deposits and investments	1 725			1 725	4 027
Recovered from third parties	466			466	490
Other	3 562			3 562	2 645
	1 168 374	88 582	147 998	1 404 954	1 374 261

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION, SCOPE OF ACTIVITY AND FINANCING

Created under the Act respecting the Régie de l'assurance-maladie du Québec, the Régie is a corporation given responsibility for administering the health insurance plan and any other program entrusted to it by the Government or under the terms of an act.

The Régie is charged with administering, among others, the Health Assistance program of the ministère du Travail, de la Main-d'oeuvre et de la Sécurité du revenu, the ministère de l'Éducation program for remunerating resident doctors and interns and the following parts of ministère des Affaires sociales programs: the payment of hospital services rendered outside Québec, as well as the collection of amounts recoverable for hospital services from liable third parties, residents of other provinces and foreign nationals.

Funding for the health insurance plan comes from the Health Services Fund, itself financed through employer contributions and sums paid by the Minister of Finance from the Consolidated Revenue Fund according to Régie needs.

2 - MAIN ACCOUNTING POLICIES

The Régie's financial statements were prepared by management within the bounds of accounting practice summarized as follows:

Sources of financing

Revenue is recorded on the accrual basis, except for amounts recovered from third parties and contributions from foreign nationals which are entered on a cash basis.

Cost of programs

Insured services under the Health Insurance Act charged to the health insurance and health assistance programs include requests for payment received by April 30th for services rendered and drugs supplied before the first of that month. Expenditure on other programs is recorded upon outlay.

Administrative expenses

Administrative expenses are recorded on the accrual basis.

Fixed assets

The head office building is recorded at cost of acquisition and depreciation is charged on the basis of that portion of the mortgage loan repaid during the year. The purchase of furniture and equipment, along with the cost of leasehold improvements, is posted to administrative expenses.

3 - HEAD OFFICE BUILDING AND MORTGAGE LOAN

	1983	1982
	(\$ THOU SANDS)	(\$ THOU SANDS)
Building, at cost	18 537	18 537
Accumulated depreciation	714	469
	<u>17 823</u>	<u>18 068</u>

To finance the acquisition of the building where its head office is located, the Régie took out a mortgage for \$18 536 894 which includes the amount of \$15 169 684 at a rate of 10 3/4%, with the remainder of \$3 367 210 at 11.4%, payable in monthly instalments of \$175 149 for a period of 23 years and 7 months covering capital and interest, subject to a first recall clause in July 1983. Payment of this mortgage is guaranteed by the Government.

4 - HOSPITAL SERVICES

	1983	1982
	(\$ THOU SANDS)	(\$ THOU SANDS)
Hospital services to Québec residents outside the province	85 253	67 398
Hospital services rendered in Québec to residents of other provinces	12 678	2 119
	<u>97 931</u>	<u>69 517</u>

5 - ADMINISTRATIVE EXPENSES

	1983	1982
	(\$ THOU SANDS)	(\$ THOU SANDS)
Wages, salaries and fringe benefits	36 188	34 430
Office space, furniture and equipment	7 820	6 445
Supplies	2 559	2 306
Transportation and communications	2 927	2 455
Interest on mortgage loan	1 855	1 879
Professional and other services	1 828	1 464
Depreciation on head office building	246	222
	<u>53 423</u>	<u>49 201</u>

6 - COMPARATIVE FIGURES

Certain data from the 1982 statement of the cost and financing of programs administered by the Régie were adjusted for purposes of comparison with the 1983 presentation.

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

R.S.Q., c. A-30

AUDITOR'S REPORT

I have examined the balance sheet of the insurance funds administered by the Régie des assurances agricoles du Québec at March 31, 1983, as well as the statement of revenue, expenditure and equity of the Crop Insurance Fund and the statement of revenue, expenditure and deficit of the Farm Income Stabilization Insurance Fund for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial position of the insurance funds administered by the Régie at March 31, 1983 and the results of their operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, July 8, 1983.

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

R.S.Q., c. A-30

INSURANCE FUNDSBALANCE SHEET
as at March 31, 1983

	1983	1982
ASSETS		
CROP INSURANCE FUND		
Cash	1 044 198 \$	486 697 \$
Owed by the Farm Income Stabilization Insurance Fund	4 858 701	
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec and accrued interest	7 037 611	10 137 209
	<u>12 940 510 \$</u>	<u>10 623 906 \$</u>
FARM INCOME STABILIZATION INSURANCE FUND		
Accounts receivable	2 798 \$	240 030 \$
Contribution receivable from the Government	14 224 021	11 669 220
Advances to the insured (Note 4)	16 630 230	611 393
Demand deposits in the General Fund of the Caisse de dépôt et placement du Québec and accrued interest	12 371	13 522 266
	<u>30 869 420 \$</u>	<u>26 042 909 \$</u>
LIABILITIES		
CROP INSURANCE FUND		
Provision for indemnities and compensation to the insured	438 215 \$	431 400 \$
Premiums paid in advance	3 800 484	2 127 012
	<u>4 238 699</u>	<u>2 558 412</u>
Equity of the Fund	8 701 811	8 065 494
	<u>12 940 510 \$</u>	<u>10 623 906 \$</u>
FARM INCOME STABILIZATION INSURANCE FUND		
Outstanding cheques less cash	3 194 631 \$	2 638 019 \$
Accounts payable		38 350
Owed the Crop Insurance Fund	4 858 701	
Provision for compensation to the insured	9 888 271	15 331 500
Unearned contribution and premiums	27 813 876	22 549 024
	<u>45 755 479</u>	<u>40 556 893</u>
Fund deficit	14 886 059	14 513 984
	<u>30 869 420 \$</u>	<u>26 042 909 \$</u>

ON BEHALF OF THE RÉGIE,

Jacques BRULOTTE
Magella LECLERC

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC**CROP INSURANCE FUND**

REVENUE, EXPENDITURE AND EQUITY
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Premiums	6 189 640 \$	5 100 000 \$
Contribution from the Government	6 189 640	5 100 000
	12 379 280	10 200 000
Interest on deposits	2 260 082	1 913 201
	14 639 362	12 113 201
EXPENDITURE		
Indemnities and compensation	14 003 045	7 007 135
Administrative expenses (Note 3)	5 641 728	4 545 701
	19 644 773	11 552 836
Less: expenses assumed by the Government	5 641 728	4 545 701
	14 003 045	7 007 135
SURPLUS REVENUE OVER EXPENDITURE	636 317	5 106 066
FUND EQUITY AT THE BEGINNING	8 065 494	2 959 428
FUND EQUITY AT YEAR-END	8 701 811 \$	8 065 494 \$

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC**FARM INCOME STABILIZATION INSURANCE FUND**

REVENUE, EXPENDITURE AND DEFICIT
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Premiums	12 506 295 \$	6 922 820 \$
Contribution from the Government	25 012 590	13 845 640
	37 518 885	20 768 460
Interest on deposits	1 385 627	2 714 164
	38 904 512	23 482 624
EXPENDITURE		
Compensation to the insured	39 276 587	41 157 348
Administrative expenses (Note 3)	995 599	915 163
	40 272 186	42 072 511
Less: Expenses assumed by the Government	995 599	915 163
	39 276 587	41 157 348
SURPLUS EXPENDITURE OVER REVENUE	372 075	17 674 724
FUND DEFICIT (EQUITY) AT THE BEGINNING	14 513 984	(3 160 740)
FUND DEFICIT AT YEAR-END	14 886 059 \$	14 513 984 \$

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

INSURANCE FUNDS

NOTES TO FINANCIAL STATEMENTS

March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Régie des assurances agricoles du Québec, a duly constituted corporation within the meaning of the Civil Code, is charged with administering crop insurance and farm income stabilization insurance plans established by the Government.

Crop insurance

The object of the crop insurance plan is to guarantee farmers a minimum return for their production. The contribution of the Government and the premiums farmers pay (50-50) serve to create an insurance fund which, in the long term, will be sufficient to pay indemnities guaranteed under contract to farmers.

Farm income stabilization insurance plans

The purpose of farm income stabilization insurance plans is to guarantee producers an annual net income. The contribution from the Government is double that of farmers paying premiums; together they comprise an insurance fund obligated under the terms of its constitutive Act to make all compensation payments to which participants are rightfully entitled.

2 - ACCOUNTING POLICIES

Administrative expenses

The Régie's administrative expenses are assumed by the Government and paid out of the sums granted annually by the Legislature for that purpose.

The cost of fringe benefits to Régie employees and that of support services such as telephone, rental of premises, data processing and the like are paid from appropriations voted to the various departments concerned and are not included in the statement of revenue, expenditure and equity on deficit of the insurance funds.

The acquisition cost of fixed assets is charged to expenditure for the year in accordance with Government accounting practice.

Insurance premiums, contributions and compensation - farm income stabilization insurance

Contributions and premiums for farm income stabilization insurance are recorded for the fiscal year during which the insurance year and/or the period used to establish prices for compensation purposes, ends. Any contribution or premium collected for plan years ending after March 31 appears unearned contribution or premiums on the balance sheet and indemnities paid in advance as advances to the insured.

3 - ADMINISTRATIVE EXPENSES

	1983	1982
Crop Insurance Fund		
Wages, salaries, allowances and other remuneration	2 390 712 \$	1 994 381 \$
Transportation and communications	225 151	216 252
Professional, administrative and other services	2 780 381	2 131 975
Maintenance and repairs	21 351	6 615
Rent	47 615	36 611
Supplies	82 244	60 064
Materials and equipment	88 620	92 624
Other	5 654	7 179
	<u>5 641 728 \$</u>	<u>4 545 701 \$</u>
Farm Income Stabilization Insurance Fund		
Wages, salaries, allowances and other remuneration	421 890 \$	482 731 \$
Transportation and communications	39 733	78 834
Professional, administrative and other services	490 655	321 434
Maintenance and repairs	3 768	
Rent	8 403	2 945
Supplies	14 513	18 437
Materials and equipment	15 639	10 782
Other	998	
	<u>995 599 \$</u>	<u>915 163 \$</u>

4 - PROJECTED SURPLUS EXPENDITURE OVER REVENUE OF CERTAIN FARM INCOME STABILIZATION INSURANCE PLANS FOR FISCAL 1983-1984

Plan *	Pricing period for compensation	Revenue	Projected Expenditure			Projected Deficit for 1983-1984 **
		(Unearned contribution and premiums at March 31, 1983)	Advances at March 31, 1983	Estimated compensation to the insured	Total	
Potato growers	15-08-82 through 31-05-83	4 221 914 \$	3 390 270 \$	3 000 000 \$	6 390 270 \$	2 168 356 \$
Corn growers	01-10-82 through 30-09-83	4 628 887	10 275 415	4 750 000	15 025 415	10 396 528
Grain growers	01-08-82 through 31-07-83	234 337	450 811	750 000	1 200 811	966 474
Sugar beet producers	Harvest selling period for current fiscal year	536 440	2 513 734	2 220 000	4 733 734	4 197 294
		<u>9 621 578 \$</u>	<u>16 630 230 \$</u>	<u>10 720 000 \$</u>	<u>27 350 230 \$</u>	<u>17 728 652 \$</u>

* Plan years run from May 1, 1982 through April 30, 1983

** The projected deficit in 1983-1984 relates to only 4 plans and surplus expenditure over revenue of the Farm Income Stabilization Insurance Fund for fiscal 1983-1984 may vary.

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7 and amendments

AUDITORS' REPORT

To the minister responsible for the Régie
des installations olympiques

We have examined the balance sheet of the Operating and Construction Funds of the Régie des installations olympiques for the at October 31, 1982 as well as the statement of results and surplus of the Operating Fund, that of the construction cost of facilities of the Construction Fund and change in financial position of the Special Olympic Fund for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures we deemed necessary in the circumstances.

In our opinion, these statements accurately present financial situation of the Régie at October 31, 1982 as well as the results of its operations and the change in financial position of its Construction Fund for the fiscal year then ended according to the accounting practices in Note 4, applied on a basis consistent with that of the previous year.

The interim financial statements of the Special Olympic Fund were prepared by officers in the ministère des Finances du Québec responsible for administration of the Fund for the same period as that covered by Régie financial statements and are audited at March 31st by the Auditor-General of the Province.

Data for the fiscal year ended October 31, 1981, presented for comparison purposes, are taken from financial statements that were examined by other auditors, with the exception of the retroactive adjustment to which Note 3 refers.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS,
Chartered Accountants

Montréal, December 22, 1982.

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7 and amendments

BALANCE SHEET
as at October 31, 1982

	1982	1981
ASSETS		
OPERATING FUND		
Cash	220 446 \$	201 449 \$
Accounts receivable	1 472 239	1 466 080
Inventories	570 350	530 987
Prepaid expenses	191 511	117 350
Fixed assets, at amortized cost (Note 6)	4 218 722	4 062 804
	<u>6 673 268 \$</u>	<u>6 378 670 \$</u>
CONSTRUCTION FUND		
Construction cost of facilities (p. 217)	1 064 073 984 \$	1 050 782 166 \$
Interest on long-term borrowings, capitalized	16 160 455	16 160 455
	<u>1 080 234 439</u>	<u>1 066 942 621</u>
Contributions received (p. 218)	(458 676 502)	(452 420 229)
	<u>621 557 937</u>	<u>614 522 392</u>
Other assets:		
Cash	5 585	175 359
Accounts receivable	228 345	762 902
Advance to the Operating Fund	167 854	
Prepaid expenses	1 955	41 119
Accrued interest to be assumed by the Special Olympic Fund during the coming fiscal year	17 533 849	4 250 348
	<u>17 937 588</u>	<u>5 229 728</u>
	<u>639 495 525 \$</u>	<u>619 752 120 \$</u>
SPECIAL OLYMPIC FUND		
(unaudited)		
Cash	293 687 \$	89 950 \$
Term deposits and accrued interest	6 203	29 753
Accounts receivable		137 441
	<u>299 890 \$</u>	<u>257 144 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Jean DESCHAMPS
Lucien SAULNIER

RÉGIE DES INSTALLATIONS OLYMPIQUES

R.S.Q., c. R-7 and amendments

BALANCE SHEET

as at october 31, 1982

	1982	1981
LIABILITIES		
OPERATING FUND		
Current borrowings	2 050 000 \$	3 200 000 \$
Accounts payable and commitments	3 371 390	4 341 749
Allowance to settle COJO accounts (Note 7)	544 732	467 293
Owed the Construction Fund	167 854	
Deferred revenue	517 209	197 954
	6 651 185	8 206 996
Surplus (deficit)	22 083	(1 828 326)
	<u>6 673 268 \$</u>	<u>6 378 670 \$</u>
CONSTRUCTION FUND		
Long-term debt (Note 8)	559 627 248 \$	562 354 521 \$
Current borrowings	32 200 000	25 700 000
Accounts payable and commitments (Note 9)	30 134 428	27 447 251
Accrued interest	17 533 849	4 250 348
	<u>639 495 525 \$</u>	<u>619 752 120 \$</u>
SPECIAL OLYMPIC FUND		
(unaudited)		
Owed the Consolidated Revenue Fund	402 489 \$	142 809 \$
Fund balance	(102 599)	114 335
	<u>299 890 \$</u>	<u>257 144 \$</u>

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES**OPERATING FUND****RESULTS**

for the fiscal year ended October 31, 1982

	1982	1981
REVENUE		
Rental income and entrance fees:		
Sports facilities	6 681 623 \$	6 234 353 \$
Rent:		
Apartments, offices, shops and parking space	7 067 064	6 412 842
Food concessions	1 609 238	1 340 005
Food and beverage	1 506 488	1 648 250
Advertising	995 851	852 397
Energy sales to third parties	538 896	386 447
Work and services invoiced to tenants	479 219	662 632
Other	324 435	242 028
	<u>19 202 814</u>	<u>17 778 954</u>
EXPENDITURE		
Remuneration — regular employees	7 177 392	6 993 895
Remuneration — casual employees	1 774 044	1 744 281
Fringe benefits	613 088	555 992
Service contracts	4 979 153	4 638 336
Materials and equipment rental	1 499 790	1 623 109
Food and beverage	573 943	665 124
Energy, heat, light and air conditioning	3 945 724	3 641 017
Insurance and taxes	485 387	1 050 967
Royalties and fees	398 516	473 426
Depreciation on fixed assets	1 131 592	882 145
Interest on current borrowings	757 934	806 228
Tickets for resale	342 294	296 908
Printing, stationery, telephone and messenger services	519 140	604 252
Advertising	278 730	314 790
Other	243 044	376 859
	<u>24 719 771</u>	<u>24 667 329</u>
Less: Expenses charged to the Construction Fund	724 350	794 250
	<u>23 995 421</u>	<u>23 873 079</u>
OPERATING DEFICIT	4 792 607	6 094 125
Expenditure (revenue) from previous years	56 984	(277 002)
TOTAL DEFICIT	4 849 591	5 817 123
Subsidy from the Government	6 700 000	5 200 000
NET SURPLUS (DEFICIT) AT YEAR-END	<u>1 850 409 \$</u>	<u>(617 123) \$</u>

The accompanying notes are an integral part of the financial statements.

OPERATING FUND**SURPLUS**

for the fiscal year ended October 31, 1982

	1982	1981
SURPLUS (DEFICIT) AT THE BEGINNING		
Balance carried forward	(169 226) \$	447 897 \$
Retroactive adjustment (Note 3)	(1 659 100)	(1 659 100)
Adjusted balance	(1 828 326)	(1 211 203)
NET SURPLUS (DEFICIT) FOR THE YEAR	1 850 409	(617 123)
SURPLUS (DEFICIT) AT YEAR-END	<u>22 083 \$</u>	<u>(1 828 326) \$</u>

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CONSTRUCTION COST OF FACILITIES

for the fiscal year ended October 31, 1982

	Cost	Provision for Settlement of Claims (Note 9)	1982 Total	1981 Total
OLYMPIC PARK				
Balance at the beginning	933 623 707 \$	18 618 054 \$	952 241 761 \$	931 988 992 \$
Construction costs for the year	4 622 011		4 622 011	8 317 318
Construction costs the previous year	2 760 418	(2 760 418)		
Increase in the provision		7 010 964	7 010 964	11 935 451
Claims affecting cash flow	(145 000)		(145 000)	
Long-term debt issue charges	1 257 400		1 257 400	
Balance at year-end	<u>942 118 536</u>	<u>22 868 600</u>	<u>964 987 136</u>	<u>952 241 761</u>
OLYMPIC VILLAGE				
Balance at the beginning	96 404 972	2 135 433	98 540 405	98 592 012
Construction costs for the year	280 266		280 266	357 978
Accounts settled from the provision	31 610	(31 610)		
Increase (decrease) in the provision		266 177	266 177	(49 585)
Claims affecting cash flow				(360 000)
Balance at year-end	<u>96 716 848</u>	<u>2 370 000</u>	<u>99 086 848</u>	<u>98 540 405</u>
	<u>1 038 835 384 \$</u>	<u>25 238 600 \$</u>	<u>1 064 073 984 \$</u>	<u>1 050 782 166 \$</u>

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CONTRIBUTIONS RECEIVED

as at October 31, 1982

	1982	1981
CONTRIBUTION FROM THE SPECIAL OLYMPIC FUND		
Applied to the construction cost of facilities	33 061 236 \$	29 532 236 \$
Applied to debt reimbursement	166 646 778	163 919 505
	<u>199 708 014</u>	<u>193 451 741</u>
CONTRIBUTION FROM COJO		
Applied to Olympic Park	110 829 397	110 829 397
Applied to the Olympic Village	77 490 000	77 490 000
	<u>188 319 397</u>	<u>188 319 397</u>
CONTRIBUTION FROM MONTRÉAL		
Applied to Olympic Park	70 649 091	70 649 091
TOTAL CONTRIBUTIONS	<u>458 676 502 \$</u>	<u>452 420 229 \$</u>

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended October 31, 1982

	1982	1981
CASH POSITION AT THE BEGINNING	175 359 \$	102 059 \$
SOURCE OF FUNDS		
Long-term borrowings	389 627 248	20 000 000
Current borrowings (net)	6 500 000	25 700 000
Contributions received:		
Special Olympic Fund	6 256 273	1 305 000
COJO		4 493 146
Repayment of advances from the Special Olympic Fund		2 535 000
Sale of fixed assets	292 216	137 441
Net change in other assets	405 867	
	403 081 604	54 170 587
APPLICATION OF FUNDS		
From new borrowings and the change in other assets:		
Payment on long-term debt	389 627 248	25 454 545
Interest on long-term debt, capitalized		16 160 455
Outlay on construction	5 818 241	10 848 050
Long-term debt issue charges	1 257 400	
From the Special Olympic Fund contribution:		
Payment on long-term debt (net)	2 727 273	
Outlay on construction	3 529 000	1 305 000
Proceeds from the sale of fixed assets transferred to the Special Olympic Fund	292 216	137 441
Net change in other assets		191 796
	403 251 378	54 097 287
INCREASE (DECREASE) IN CASH POSITION	(169 774)	73 300
CASH POSITION AT YEAR-END	5 585 \$	175 359 \$

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

SPECIAL OLYMPIC FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended October 31, 1982

	1982	1981
SOURCE OF FUNDS		
Special tax on tobacco (Note 5)	101 813 563 \$	79 977 921 \$
Proceeds of current borrowings from the Construction Fund	205 100 000	
Proceeds of long-term borrowings	30 000 000	
Interest on bank balance and term deposits	198 235	2 378 545
Sale of Construction Fund fixed assets	292 216	137 441
Proceeds of borrowings during the year for payment of interest on long-term debt		16 160 455
	<u>337 404 014</u>	<u>98 654 362</u>
APPLICATION OF FUNDS		
Repayment of Construction Fund current borrowings	198 600 000	
Interest on Construction Fund current borrowings	2 210 922	1 089 847
Interest on Construction Fund long-term debt	94 053 753	121 739 428
Payment on long-term debt	32 727 273	
Outlays on construction	10 029 000	1 305 000
	<u>337 620 948</u>	<u>124 134 275</u>
DECREASE IN THE FUND	216 934	25 479 913
FUND BALANCE AT THE BEGINNING	114 335	25 594 248
FUND BALANCE AT YEAR-END	<u>(102 599) \$</u>	<u>114 335 \$</u>

The accompanying notes are an integral part of the financial statements.

RÉGIE DES INSTALLATIONS OLYMPIQUES

NOTES TO FINANCIAL STATEMENTS at October 31, 1982

1 - LEGAL STATUS AND SCOPE OF ACTIVITY

The Régie des installations olympiques is a corporation created under an act passed by the Government, the Act respecting the Régie des installations olympiques. Under the Act, the Régie became sole proprietor of moveable and fixed facilities located inside Olympic Park erected for the Games of the XXI Olympiad and was given the mandate of seeing to the construction and operation of the said facilities.

Following the Government's passing of an act concerning the Olympic Village, the Régie became proprietor of the Olympic Village, with a mandate to complete construction and operate the site.

Under the terms of the Act amending the Act respecting the Régie des installations olympiques passed by the Government, the Régie also became owner of the Centre Paul Sauvé and was charged with the administration and operation of this facility.

The Régie must first use its revenue for operations, then for paying off loans, advances or other commitments made in connection with Olympic installations. Once these debts have been acquitted, Olympic Park facilities become the property of the City of Montréal.

2 - ASSOCIATED ORGANIZATIONS

Comité organisateur des Jeux olympiques (COJO)

Under section 26 of the Act respecting the Régie des installations olympiques, the Lieutenant-Gouverneur en Conseil dissolved COJO by Order in Council 2030-79, dated July 11, 1979. The Régie accordingly assumes COJO rights and assets, as well as its commitments.

Special Olympic Fund

The Special Olympic Fund was created under an act passed by the Government. The Fund was formed to handle the special tax on tobacco collected by the Minister of Revenue, net Loto Canada receipts destined for Québec as well as proceeds from the disposal of Régie assets belonging to the Construction Fund.

Entrusted to the Minister of Finance for management on behalf of the Régie, this special fund is used solely for the repayment of loans contracted by the Régie, interest on such borrowings and for covering the cost of completing Olympic facilities.

3 - RETROACTIVE ADJUSTMENT

The adjustment made retroactive to a prior fiscal year relates to the cancellation of a 1980 accounting entry for an insurance claim of compensation to cover part of the losses sustained with the presentation of a boxing match at Olympic Stadium. The adjustment was made so to bring the recording of this claim into line with Régie practice, which is to post claims upon cash settlement.

The adjustment had the effect of decreasing accounts receivable at October 31, 1981 and 1982, increasing the deficit at October 31, 1981 and reducing the surplus at October 31, 1982 by \$1 659 100.

The Régie submitted evidence of the losses it sustained to its insurers, in accordance with policy terms. To date, the claim has not been settled, yet Régie administrators are convinced that the aforementioned losses are in fact insured and that the claim is valid.

4 - MAJOR ACCOUNTING PRACTICES

Expenditure charged to the Construction Fund

The Régie charges all direct and indirect costs relating to the completion of facilities to the Construction Fund.

Income tax

As an agent of the Government, the Régie is not subject to corporate income tax.

Claims

The Régie records claims against third parties at the time of settlement.

Inventories

Inventories are recorded at the lower of average cost and net realization value.

Fixed assets

Fixed assets acquired for operations are shown at cost of acquisition and depreciation is charged according to the straight-line method at the following annual rates:

Equipment and household appliances	20%
Leasehold	length of lease in the case of space rental and 20% in other cases
Rolling-stock	26 1/3%

Construction cost of facilities

Except for the land on which the Olympic installations were erected and the facilities of the Centre Paul Sauvé, the item includes the cost of construction, administration and financing, as well as all long-term debt issue charges. The cost of various equipment and tools used in the erection of facilities also forms part of their construction cost.

Sale of Construction Fund assets

Upon the sale of assets posted to the Construction Fund, their cost and corresponding contribution are not written off the books, yet the proceeds are paid to the Special Olympic Fund under the Act governing that fund.

Contributions received

The Régie's policy is to deduct construction costs of the Olympic Park and Village installations from contributions received, rather than from operating revenue.

Contributions received includes not only that from associated organizations but also the amount from the Special Olympic Fund for debt reimbursement. As relates to repayment of the debt in U.S. currency, only its reduction at the original 1976 rate of exchange is recorded as Fund contribution. Fluctuations in the exchange rate are assumed as financial charges by the Fund in the same way as interest.

The Régie does not record contributions receivable. An amount of around \$2 900 000 derived from the sale of Olympic coins is not shown on the books.

Commitments payable

The Régie records the cost of goods and services to expenditures when the order for such is drawn up.

Foreign exchange conversion

Construction Fund long-term debt includes a loan payable in U.S. currency, recorded according to its Canadian equivalent at the time the borrowing took place in 1976, even though it was refinanced during fiscal years ended October 31, 1978, 1979 and 1982.

5 - SPECIAL TOBACCO TAX

During the 1980 fiscal year, the Special Olympic Fund collected an advance from the Minister of Revenue of \$7 131 175 on proceeds of the special tobacco tax applicable to the coming fiscal year, which it recorded as revenue. This had the effect of overstating revenue in 1980 from the special tax by the amount of the advance and of understating 1981 revenue from that tax.

RÉGIE DES INSTALLATIONS OLYMPIQUES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at October 31, 1982

6 - FIXED ASSETS

	Cost	Accumulated Depreciation	1982 Net Book Value	1981 Net Book Value
Household appliances	1 317 118 \$	871 090 \$	446 028 \$	709 452 \$
Equipment	3 580 627	2 457 760	1 122 867	941 311
Leasehold	3 635 395	1 098 367	2 537 028	2 337 436
Rolling-stock	180 157	67 358	112 799	74 605
	<u>8 713 297 \$</u>	<u>4 494 575 \$</u>	<u>4 218 722 \$</u>	<u>4 062 804 \$</u>

7 - PROVISION FOR SETTLING COJO ACCOUNTS

The increase to the provision for settling COJO accounts is mainly attributable to the cash flow generated by royalties from the sale of Olympic medallions. The various lawsuits against COJO amount to \$610 000 at October 31, 1982.

8 - LONG-TERM DEBT

	1982	1981
Notes, payable in U.S. currency, at ¾% over the LIBOR rate through July 15, 1987 and ½% annually over that rate thereafter, payable quarterly, semi-annually or annually, at the option of the Régie, payable by semi-annual instalments of \$27 663 634 beginning July 16, 1996, due July 16, 1992*	359 627 248 \$	
Bonds, bearing the prime rate of interest, payable quarterly, maturing March 31, 2000	100 000 000	100 000 000 \$
Notes, at ¼% below prime, payable semi-annually, due April 15, 1990	50 000 000	50 000 000
Bonds, at ¼% below prime, payable semi-annually, due December 1, 1991	50 000 000	20 000 000
Notes in U.S. currency		359 627 248
Notes, at ½% over prime		32 727 273
	<u>559 627 248 \$</u>	<u>562 354 521 \$</u>

All notes and bonds are guaranteed by the Province of Québec.

* Had these notes, with a face value of \$360 000 000 in U.S. currency, been converted into Canadian dollars at the market rate of exchange for the date of the balance sheet, rather than at the rate at the time of borrowing, an additional liability of \$81 540 000 would be shown on the books.

Annual payments on long-term debt over the next five fiscal years details as follows:

1983	-
1984	-
1985	-
1986	27 663 634 \$
1987	55 327 269

9 - ACCOUNTS PAYABLE AND COMMITMENTS, CONSTRUCTION FUND

	1982	1981
Commitments and accrued charges payable	4 895 828 \$	6 693 764 \$
Provision for settlement of future and pending claims	25 238 600	20 753 487
	<u>30 134 428 \$</u>	<u>27 447 251 \$</u>

10 - CONTINGENCIES

a) Operating Fund:

The Act governing the Olympic Village conferred the right on the Régie to occupy and use land under the terms of an agreement between the City of Montréal and les Terrasses Zarolega Inc. The Régie contests the amount of rent payable to Montréal under the servitude. At October 31, 1982, the City is claiming \$1 950 000 in capital payments due.

On the basis of its interpretation of the Act respecting the Régie des installations olympiques, the Régie has to date recognized no obligation to pay the aforementioned rent. No amount has been set aside for this nor recorded on the balance sheet or statement of results. Should any payment arise from settlement of this dispute, it will be recorded as a retroactive adjustment.

b) Construction Fund:

The complexity and extent of operations required for building the Olympic Park and Village make it difficult to give a precise estimate of contingent liabilities.

Many lawsuits and claims, both by and against the Régie, have been filed and are likely to arise. Unsettled claims and suits against the Régie total about \$80 million at October 31, 1982. Upon examination, the current provision of \$25 238 600 should prove sufficient to cover all claims. Any difference between the amount actually paid and the provision will be posted to the cost of Olympic facilities.

11 - COMPARATIVE FIGURES

Certain data from the previous fiscal year were reclassified for purposes of comparison with the current presentation.

RÉGIE DES RENTES DU QUÉBEC

R.S.Q., c. R-9 and amendments

AUDITOR'S REPORT

I have examined the account of the Régime de rentes du Québec as at March 31, 1983 and the statement of its operations for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the Québec Pension Plan account as at March 31, 1983 and its operations for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

As mentioned in Notes 4 and 5, these financial statements are not intended to prove that the Québec Pension Plan account balance is sufficient in actuarial terms to meet its commitments.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 14, 1983.

RÉGIE DES RENTES DU QUÉBEC

R.S.Q., c. R-9 and amendments

QUEBEC PENSION PLAN ACCOUNT

as at March 31, 1983

(\$ THOUSANDS)

	1983	1982
ASSETS		
Accounts receivable		
Deposits with the General Fund of the Caisse de dépôt et placement du Québec	1 201	1 119
Participation deposits (Note 3)	8 526 891	7 711 348
Demand deposits	17	26 811
Term deposits	93 000	75 000
Revenue receivable	227 974	203 675
	8 847 882	8 016 834
	8 849 083	8 017 953
LIABILITIES		
Outstanding cheques less cash	21 440	29 704
Accounts payable	4 363	6 973
Contributions payable to the ministère du Revenu	16 849	1 772
	42 652	38 449
ACCOUNT BALANCE (Notes 4 & 5)	8 806 431	7 979 504
ACCOUNT CHANGE DURING THE YEAR		
Balance at the beginning	7 979 504	7 038 081
Surplus revenue over expenditure for the year	826 927	941 423
Balance at year-end	8 806 431	7 979 504

ON BEHALF OF THE BOARD OF DIRECTORS,

Claude LEGAULT
Rhéal LAFONTAINE

1983-05-25

RÉGIE DES RENTES DU QUÉBEC

OPERATIONS OF THE QUEBEC PENSION PLAN ACCOUNT
for the fiscal year ended March 31, 1983
(\$ THOUSANDS)

	1983	1982
REVENUE		
Plan contributions	1 013 557	1 040 070
Revenue from deposits with the Caisse de dépôt et placement du Québec	913 721	801 127
Interest on bank deposits	367	1 039
	<u>1 927 645</u>	<u>1 842 236</u>
PENSIONS AND BENEFITS PAID		
Retirement pensions	590 571	475 231
Surviving spouses' pensions	275 471	227 934
Orphans' pensions	15 541	15 716
Disability pensions	140 523	109 989
Pensions to disabled contributors' children	4 700	4 365
Death benefits	23 444	20 071
	<u>1 050 250</u>	<u>853 306</u>
REPAYMENT OF SOCIAL AID BENEFITS TO THE MINISTÈRE DU TRAVAIL, DE LA MAIN-D'OEUVRE ET DE LA SÉCURITÉ DU REVENU	<u>10 772</u>	<u>10 626</u>
	<u>1 061 002</u>	<u>863 932</u>
SURPLUS REVENUE OVER PENSIONS AND BENEFITS	866 623	978 304
Administrative expenses (Note 6)	39 696	36 881
SURPLUS REVENUE OVER EXPENDITURE FOR THE YEAR	<u>826 927</u>	<u>941 423</u>

RÉGIE DES RENTES DU QUÉBEC

QUEBEC PENSION PLAN ACCOUNT

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Régie was constituted in July 1965 as a corporation by the Act respecting the Québec Pension Plan (R.S.Q., c. R-9 and amendments). The Régie is charged with administering the Act as well as the Act respecting Supplemental Pension Plans; it is also responsible for administering the Family Allowances Act.

The Québec Pension Plan provides workers and their dependents with basic protection against loss of income following retirement, disability and death.

The financial statements presented here are exclusively those of the Régie as administrator of the Québec Pension Plan; other plans are covered in separate reports.

2 - ACCOUNTING POLICIES

Accounting method

The Régie records Québec Pension Plan account operations using a combination of accrual and cash bases of accounting.

Deposits in the General Fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost of acquisition. The Régie's share in the profit or loss on the sale of General Fund securities does not go toward determining Plan assets nor revenue and expenditure, considering that when withdrawn the deposits remain payable upon notice, based on the realization value of General Fund net equity and the terms of Caisse regulations.

QPP contributions

Revenue from Plan contributions is comprised of amounts collected by the ministère du Revenu during the year as premiums, penalties and interest for current and prior years, except in the case of that collected during March and remitted in April by agents of the department. Payment of this revenue is subject to auditing and adjustment. Any adjustments required are charged against current contributions.

Revenue from participation deposits

Assigned by the Caisse de dépôt et placement du Québec, such revenue is recorded when earned.

Pensions and benefits

These are recorded upon payment.

Administrative expenses

The acquisition of material and equipment is charged to operations.

3 - PARTICIPATION DEPOSITS

These represent 10 623 144 units (9 418 542 in 1982) of Caisse de dépôt et placement du Québec General Fund participation deposits. Their market value amounted to \$8 586 660 737 or \$808.30 per unit at March 31, 1983. At March 31, 1982 they were worth \$5 988 462 526 or \$635.82 each. On these dates, the Régie held 83.2 and 85.8% respectively of outstanding participation deposits.

4 - QUEBEC PENSION PLAN ACCOUNT BALANCE

The account balance represents the funds available at March 31, 1983 for the payment of pensions and benefits and the reimbursement of Social Aid benefits to the ministère du Travail, de la Main-d'œuvre et de la Sécurité du revenu. It does not take into account the actual value of Plan commitments to date. In this respect, sections 216 and 217 of the Act respecting the Québec Pension Plan call for the preparation of actuarial reports every five years on the state of the account as well as special actuarial analyses when legislation proposed before the National Assembly would have the effect of altering the Plan. These analyses, which the Minister of Labour, Manpower and Income Security is required to table forthwith in the National Assembly, must provide an estimate of Québec Pension Plan revenue and expenditure for the coming 30 years and a study of the long-term effect on the accumulated reserve. The Minister of Social Affairs tabled the third five-year actuarial report, dated December 31, 1978.

5 - PLAN FINANCING

When the Québec Pension Plan was founded, the premium rate paid by employers and employees on an equal basis was set at 3.6% of pensionable earnings. More than sufficient to cover the payment of benefits and administrative expenses during the early years, it has led to the accumulation of \$8.8 billion of net assets at March 31, 1983. On the other hand, from the very beginning, it was clear the 3.6% rate would not always generate enough revenue to meet outlays and that the inflow of funds would have to be increased during the 1980s. Actuarial reports published since the Plan's inception confirm this.

According to the last five-year report made public in June 1979, if the present premium rate were maintained, benefits would equal contributions around 1985 and from 1993 through the year 2002, funds accumulated since 1966 and invested will gradually have to be liquidated. Current financial statements show that benefits have already reached the level of contributions.

6 - ADMINISTRATIVE EXPENSES

	1983	1982
Ministère du Revenu		
fees for collecting contributions	15 200 265 \$	15 601 058 \$
Wages, salaries and fringe benefits	16 605 542	14 870 815
Transportation and communications	2 405 769	2 078 328
Professional services	1 357 093	763 766
Maintenance and repairs	358 692	208 667
Rent	1 965 552	1 685 273
Supplies	406 236	432 006
Materials and equipment	479 260	443 971
Bank charges	668 121	646 324
Other	55 310	49 845
Bad debts	194 029	100 446
	<u>39 695 869 \$</u>	<u>36 880 499 \$</u>

* Certain 1982 figures were altered to take the new presentation adopted for 1983 into account.

SIDBEC

R.S.Q., c. E-14 and amendments

AUDITORS' REPORT

Sidbec shareholder :

We have examined the consolidated balance sheet of Sidbec at December 31, 1982 and the consolidated statement of results and deficit and that of change in financial position for the fiscal year then ended; we obtained all information and explanations requested. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures we deemed necessary in the circumstances.

In the light of information and explanations provided and as shown on the books, our view is that these statements accurately present Sidbec's financial situation at December 31, 1982, as well as its operating results and change in financial position for the fiscal year then ended according to generally recognized accounting principles applied on a basis consistent with that of the previous year.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS,
Chartered accountants.

Montréal, February 11, 1983.

SIDBEC

R.S.Q., c. E-14 and amendments

CONSOLIDATED BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
ASSETS		
CURRENT ASSETS		
Cash	6 098	
Accounts receivable	53 659	82 551
Inventories (Note 4)	167 823	196 775
Prepaid expenses	911	1 782
	<u>228 491</u>	<u>281 108</u>
INTERIM JOINT-VENTURE LOAN	103	
FIXED ASSETS (Note 5)		
At cost	845 560	827 117
Accumulated depreciation	233 021	199 728
	<u>612 539</u>	<u>627 389</u>
OTHER ITEMS, at amortized cost		
Discount and issue charges	2 293	2 457
Development charges	6 006	7 384
Other	1 091	1 701
	<u>9 390</u>	<u>11 542</u>
	<u><u>850 523</u></u>	<u><u>920 039</u></u>

ON BEHALF OF THE BOARD,

John LEBOUTILLIER, Director

Robert DESPRÉS, Director

SIDBEC

R.S.Q., c. E-14 and amendments

CONSOLIDATED BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	1982	1981
LIABILITIES		
CURRENT LIABILITIES		
Bank overcraft and indebtedness (Note 6)	162 803	147 131
Accounts payable and accrued charges	45 554	73 614
Payments on long-term debt	141 977	42 865
	<u>350 334</u>	<u>263 610</u>
LONG-TERM DEBT (Note 7)	325 479	331 263
DEFERRED MINERAL RIGHTS	4 223	2 882
PROVISION FOR PENSION PLANS (Note 8)	<u>938</u>	<u>998</u>
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 9)		
Authorized:		
56 500 000 deferred dividend shares, \$10 par value		
56 500 000 common shares, \$10 par value		
Issued and paid-up:		
56 433 435 deferred dividend shares	564 334	564 334
CONTRIBUTED SURPLUS	51 797	51 797
DEFICIT	<u>(446 582)</u>	<u>(294 845)</u>
	<u>169 549</u>	<u>321 286</u>
	<u>850 523</u>	<u>920 039</u>

The accompanying notes are an integral part of the consolidated financial statements.

SIDBEC
CONSOLIDATED RESULTS AND DEFICIT
 for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982			1981		
	Manuf- acturing Operations	Mining Operations (Note 10)	Total	Manuf- acturing Operations	Mining Operations (Note 10)	Total
SALES	336 353	104 252	440 605	496 722	118 088	614 810
EXPENDITURE						
Cost of merchandise sold, excluding related depreciation	331 729	120 582	452 311	435 277	111 789	547 066
Sales and administrative expenses	22 415	4 654	27 069	18 570	4 418	22 988
Interest on long-term debt	13 244	34 738	47 982	13 911	30 688	44 599
Other interest	3 725	22 356	26 081	5 174	19 383	24 557
Depreciation on fixed assets	24 211	9 281	33 492	23 276	8 788	32 064
Amortization of other charges		1 734	1 734		1 668	1 668
Loss on foreign exchange		2 332	2 332	101	1 399	1 500
	395 324	195 677	591 001	496 309	178 133	674 442
NET PROFIT (NET LOSS)						
Before deferred mineral rights	(58 971)	(91 425)	(150 396)	413	(60 045)	(59 632)
Deferred mineral rights		1 341	1 341		1 854	1 854
NET PROFIT (NET LOSS)	<u>(58 971)</u>	<u>(92 766)</u>	<u>(151 737)</u>	<u>413</u>	<u>(61 899)</u>	<u>(61 486)</u>
DEFICIT AT THE BEGINNING			<u>(294 845)</u>			<u>(233 359)</u>
DEFICIT AT YEAR-END			<u>(446 582)</u>			<u>(294 845)</u>

The accompanying notes are an integral part of the consolidated financial statements.

SIDBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981
SOURCE OF FUNDS		
Cash from subscriptions receivable		29 917
Proceeds from the sale of fixed assets	139	169
Long-term borrowings	135 247	35 702
Other	547	
	<u>135 933</u>	<u>65 788</u>
APPLICATION OF FUNDS		
Net loss	151 737	61 486
Items not representing a source or application of funds:		
Loss on sale of fixed assets	(79)	(367)
Depreciation on fixed assets	(33 492)	(32 064)
Amortization of other charges	(1 814)	(1 668)
Deferred mineral rights	(1 341)	(1 854)
Other	333	(52)
Funds used for operations	<u>115 344</u>	<u>25 481</u>
Interim joint-venture loan	103	
Acquisition of fixed assets	19 094	37 767
Other items		35
Payments on long-term debt	140 673	41 530
Net decrease in the provision for pension plans	60	198
	<u>275 274</u>	<u>105 011</u>
DECREASE IN WORKING CAPITAL	(139 341)	(39 223)
WORKING CAPITAL AT THE BEGINNING	17 498	56 721
WORKING CAPITAL (DEFICIT) AT YEAR-END	<u>(121 843)</u>	<u>17 498</u>

The accompanying notes are an integral part of the consolidated financial statements.

SIDBEC**NOTES TO FINANCIAL STATEMENTS**
at December 31, 1982**1 - LEGAL STATUS AND SCOPE OF ACTIVITY**

Incorporated under the Québec Companies Act and in certain aspects governed by a special act, Sidbec owns enterprises operating mining and steel making facilities.

2 - ACCOUNTING POLICIES**Consolidation**

The consolidated financial statements include the accounts of the Company and all its subsidiaries, as well as its share of assets, liabilities, revenue and expenditure in the joint venture Sidbec-Normines Inc. (Note 3).

Inventories

Semi-processed and finished goods are recorded at the lesser of average cost and net realization value.

Raw materials are recorded at the lesser of cost and net realization value, with cost established according to the method of successive depletion.

Supplies are recorded at the lesser of average and replacement cost.

Fixed assets

The fixed assets of the Company and its wholly owned subsidiaries are shown at initial cost and depreciated on the basis of their estimated useful life according to the straight-line method at the following annual rates:

Mining claims and development costs	- 4%
Development sites	- 4%
Buildings	- 2½% to 5%
Equipment and machinery	- 4% to 20%
Rolling-stock	- 4% to 25%
Furniture and furnishings	- 10%
Other	- 5% to 8%

The Company's joint-venture fixed assets are shown at initial cost and depreciation is charged against the Fire Lake and Lac Jeannine facilities mainly on the basis of production in relation to proven ore reserves and estimated useful life, while the Port-Cartier installations are depreciated in proportion to their actual use over their estimated service life.

Development costs

Development costs are amortized on the basis of pellet production over a maximum period of ten years.

Pension plans

Pension costs include contributions to employee and government pension funds for current service as well as interest and amortization of the unfunded cost of past service.

Contributed surplus

The contributed surplus is made up of subsidies and assistance provided by the federal and provincial governments.

Foreign exchange

Current asset and liability items to be translated into foreign currency are expressed in Canadian dollars at the year-end exchange rate. Fixed assets, long-term debt as well as sales and expenditures in US dollars are expressed at the rate in effect at the time the transaction takes place.

Cost of merchandise sold

The cost of mining operations includes those resulting from contractual obligations with the joint venture Sidbec-Normines Inc.:

- a) Sidbec's share in the cost of merchandise sold by Sidbec-Normines Inc.;
- b) the difference between the cost invoiced by Sidbec-Normines Inc. over that which would have been incurred had the Company gone to the international market for supplies, as was the case during years preceding these contractual agreements;
- c) the loss on the sale of pellets.

3 - CORPORATE JOINT VENTURE: SIDBEC-NORMINES INC.

During the 1976 fiscal year, Sidbec entered a joint venture agreement with other companies to operate a mine at Fire Lake and produce iron oxide pellets and concentrate.

The terms prevent control of all vital sectors from being exercised by any one participant. Sidbec's share is recorded according to the proportionate consolidation method.

SIDBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 19823 - CORPORATE JOINT VENTURE: SIDBEC-NORMINES INC.
(cont'd)

The assets, liabilities, operating results and deficit of Sidbec-Normines Inc. for the year ended December 31, 1982 may be summarized as follows:

BALANCE SHEET

	Total	Share of the Company (50.1%)	
	1982 (\$ THOUSANDS)	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Assets			
Current assets (including			
\$ 58 494 000 of inventories)	76 064	38 108	52 711
Fixed assets, at amortized cost	511 417	256 220	283 197
Other	14 081	7 055	8 163
	<u>601 562</u>	<u>301 383</u>	<u>324 071</u>
Liabilities and shareholder equity			
Current liabilities	69 004	34 571	41 818
Long-term debt	364 230	182 479	193 759
Deferred mineral rights	8 428	4 223	2 882
Capital stock	220 515	110 478	110 478
Deficit	(60 615)	(30 368)	(24 866)
	<u>601 562</u>	<u>301 383</u>	<u>324 071</u>
OPERATING RESULTS AND DEFICIT			
Sales	251 033	125 768	134 332
Expenditure			
Cost of merchandise sold			
excluding related amortization	172 923	86 635	88 279
Sales and administrative expenses	8 017	4 017	3 573
Interest on long-term debt	50 043	25 072	23 885
Other interest	4 389	2 199	2 360
Loss on foreign exchange	4 624	2 315	1 399
Depreciation on fixed assets and amortization of deferred charges	19 342	9 691	9 116
	<u>259 338</u>	<u>129 929</u>	<u>128 612</u>
Profit (loss) before deferred mineral rights	(8 305)	(4 161)	5 720
Deferred mineral rights	2 678	1 341	1 854
Net profit (loss)	(10 983)	(5 502)	3 866
Deficit at the beginning	(49 632)	(24 866)	(28 732)
Balance at year-end	<u>(60 615)</u>	<u>(30 368)</u>	<u>(24 866)</u>

Sidbec has made a commitment to the effect that its contribution to the capital stock of the joint venture equal at least 53.846% of outstanding first-mortgage bonds.

SIDBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

There are restrictions as to the amount of dividends the joint venture may declare, as to reducing capital stock and as to the reimbursement of certain advantages granted by shareholders or purchasers of pellets. Other provisions of the agreement restrict the joint venture to operating within its main sphere of activity, from contracting liens on its assets, incurring debts, making investments and loans or giving guarantees, disposing of assets, and entering into lease or other specific agreements. The difference between the unamortized cost of the Company's investment and its share of Sidbec-Normines Inc. capital stock received is made up of the following:

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Interest accrued on investment financing during the Sidbec-Normines Inc. development period, charged to fixed assets	25 858	25 858
Loss on the sale of pellets prior to the start of Sidbec-Normines operations, charged to start-up costs	3 450	3 450
	29 308	29 308
Less: accumulated depreciation	5 480	4 160
	<u>23 828</u>	<u>25 148</u>

4 - INVENTORIES

Semi-processed and finished goods	118 501	105 572
Raw materials and supplies	49 322	91 203
	<u>167 823</u>	<u>196 775</u>

5 - FIXED ASSETS

	1982 (\$ THOUSANDS)		1981 (\$ THOUSANDS)	
	Cost	Net Book Value	Cost	Net Book Value
Mining claims and development costs	2 423	2 128	2 420	2 211
Land	7 402	7 402	7 541	7 541
Development sites	8 793	5 348	8 647	5 896
Buildings	174 992	126 106	173 919	132 525
Equipment and machinery	622 955	453 434	609 413	463 784
Rolling-stock	3 009	984	3 068	1 518
Furniture and furnishings	2 191	485	2 859	634
Other	9 353	2 210	8 557	2 587
Construction in progress	14 442	14 442	10 693	10 693
	<u>845 560</u>	<u>612 539</u>	<u>827 117</u>	<u>627 389</u>

SIDBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

6 - BANK OVERDRAFT AND INDEBTEDNESS

The company's bank overdraft and borrowings are secured by inventories and accounts receivable

The Company also made a commitment to banks which have loaned \$138 205 000 to a wholly-owned subsidiary that it will not reduce the

amount advanced to the subsidiary below \$225 million as long as it remains indebted to the banks.

Advances amounted to \$313 945 000 at December 31, 1982, that owed by the Company to the subsidiary, \$1 687 000 and \$96 583 000 borrowed by the subsidiary from the Company.

7 - LONG-TERM DEBT

The Company:

Bank loan at 1/2 of 1% over prime, due December 31, 1983, secured by the shares of the subsidiary Sidbec-Dosco Inc. and a set charge on the

Longueuil complex whose net book value is \$50 572 000

Shareholder advance, 14%, due March 31, 1983

Shareholder advance, at the prime rate of interest, due March 31, 1983

Shareholder advance, 15.5%, \$17 534 000 payable

June 7, 1984 and \$3 962 000 on October 17, 1984

Sinking fund debentures whose capital and interest are guaranteed by the Government:

Series "A", 9 1/4%, maturing December 15, 1990

Series "B", 8 3/4%, maturing June 15, 1991

Series "C", 9%, maturing September 1, 1991

Series "D", 10%, maturing October 1, 1989

Series "E", 10 1/4%, maturing May 15, 1995

Series "F", 10 3/4%, maturing February 16, 1996

Its subsidiary Sidbec-Dosco Inc.:

Sinking fund debentures

Series "A", 5 3/4%, maturing June 1, 1984

Series "B", 6%, maturing July 15, 1985

Series "C", 5 3/4%, maturing July 15, 1985

(US \$2 800 000 at December 31, 1982)

Its subsidiary Sidbec Feruni Inc.:

Capital leases bearing interest at rates varying between 9.2% and 13.2%, payable in monthly instalments, due on different dates through 1990

Bank loan, secured by a first mortgage, at 1 1/2%

over prime, payable in monthly instalments of

\$29 762, due in 1984

Joint venture Sidbec-Normines Inc.:

First mortgage bonds

Series "A", 10 1/2%, maturing December 31, 1999

with a face value of US \$156 287 000 (\$165 482 000 in 1981)

Series "B", 11 1/2%, maturing December 31, 1999,

with a face value of Can \$32 201 000

Current payments due less debentures redeemed before maturity

Current Payments (\$ THOUSANDS)	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
25 000	25 000	25 000
12 253	12 253	10 702
87 200	87 200	
	21 496	
200	8 850	9 050
200	9 050	9 250
200	9 050	9 250
2 000	24 000	26 000
	30 000	30 000
	30 000	30 000
127 053	256 899	149 252
626	4 376	5 231
10	4 510	5 894
433	3 000	3 433
1 069	11 886	14 558
305	2 388	2 675
357	714	1 071
662	3 102	3 746
11 298	163 368	172 476
1 895	32 201	34 096
13 193	195 569	206 572
141 977	467 456	374 128
	141 977	42 865
	325 479	331 263

Redemption of joint venture bonds represents annual payments of \$3 782 000 and US \$18 352 000. Essentially, all present and future assets of Sidbec-Normines Inc., excluding accounts receivable and inventories, are subject to a set and floating charge as security for long-term debt.

Sidbec-Dosco Inc. assets, other than fixed ones, are subject to a floating charge as security for long-term debt. These assets amounted to \$180 000 000 at December 31, 1982.

Conversion of the long-term debt payable in U.S. currency at the exchange rate in effect December 31, 1982 means around \$29 125 000 would have to be added to the Company's long-term debt.

Payments on long-term debt according to maturity dates and sinking fund requirements are as follows for the next five years:

	Sidbec- and its subsidiaries (\$ THOU- SANDS)	Sidbec- Normines Inc. (50.1%) (\$ THOU- SANDS)	Total (\$ THOU- SANDS)
1983	128 784	13 193	141 977
1984	7 205	11 400	18 605
1985	7 823	11 400	19 223
1986	8 023	11 400	19 423
1987	9 158	11 400	20 558

SIDBEC**NOTES TO FINANCIAL STATEMENTS (cont'd)**
at December 31, 1982**8 - PROVISION FOR PENSION PLANS**

The Company's subsidiaries and the joint venture contribute to various pension plans for employees. Actuarial studies reveal that commitments to employees for past service are about \$16 000 000 greater than the amount currently payable shown under liabilities at December 31, 1982 and around \$4 000 000 for benefits to be paid during 1983 and 1984. The commitment is amortized over a period of ten to fifteen years.

9 - CAPITAL STOCK

No dividend may be paid to those holding deferred dividend shares. However, each such share may be converted into common shares when the average net profit of the Company for two fiscal years in a row is at least \$1 per share outstanding at the end of the first one.

10 - LOSS ON MINING OPERATIONS

The loss on mining operations details as follows:

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Loss on the sale of pellets	27 868	28 955
Provision for recording Sidbec-Dosco Inc. and Sidbec-Normines Inc. inventories at net realization value	(4 481)	3 440
Cost of oxide pellets unused by manufacturing operations	32 734	8 207
Interest	29 823	23 843
Depreciation on fixed assets, amortization of other charges	1 320	1 320
Share in joint venture net loss (profit)	5 502	(3 866)
	<u>92 766</u>	<u>61 899</u>

11 - INCOME TAX

Excluding Sidbec-Normines Inc., the Company is wholly owned by the Government and so is exempt from both federal and provincial income tax.

The joint venture records mineral rights on a deferred tax basis and has not taken the tax benefit from deferring losses sustained. Such losses are likely to reduce future tax by around \$53 000 000.

12 - COMMITMENTS AND CONTINGENT LIABILITIES

Commitments of the Company, its subsidiaries and the joint venture with respect to construction projects and the acquisition of equipment and machinery amount to approximately \$8 331 000.

Under the terms of operating contracts, Sidbec-Normines Inc. is committed to pay compensation for acquiring mining claims, regardless of the level of activity, in minimum annual amounts, estimated to be about \$12 000 000 for 1983.

The purchasing contract for pellets stipulates that if the Company has not bought its share (50.1%) of Sidbec-Normines Inc. production, it may be called upon to make good the cash shortfall of the latter either through direct payment or interim loans. The Company paid \$1 093 000 as penalty in 1982 and granted an interim loan to the joint venture in the amount of \$206 000.

The Company is committed to defray all financing charges and production costs of the secondary pellet concentrator operated by Sidbec-Normines Inc. These amounted to \$6 895 000 in 1982.

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1 and amendments

AUDITORS' REPORT

To the Minister of Municipal Affairs:

We have examined the statement of results and accumulated deficit and that of change in financial position of the Budgetary Administration Fund and the statement of capital expenditure on fixed assets and that of the change in financial position of the Capital and Loan Fund of the Société d'aménagement de l'Outaouais for the fiscal year ended March 31, 1983 as well as the balance sheet of both at that date. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures we deemed necessary in the circumstances.

In our opinion, these statements accurately present the results of Société operations for the fiscal year ended March 31, 1983 and its financial position on that date according to the accounting policies in Note 1, applied on a basis consistent with that of the previous year.

BILLARD/CLOUTIER PROULX CARBONNEAU,
Chartered Accountants.

Hull, Québec, June 15, 1983.

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1 and amendments

BUDGETARY ADMINISTRATION FUND**BALANCE SHEET**

as at March 31, 1983

	<u>1983</u>	<u>1982</u>
ASSETS		
Accounts receivable	115 308 \$	339 787 \$
Inventories, at lesser of cost and net realization value	87 566	91 398
Prepaid expenses	<u>109 512</u>	<u>94 471</u>
	<u><u>312 386 \$</u></u>	<u><u>525 656 \$</u></u>
LIABILITIES		
Bank overdraft	123 821 \$	223 233 \$
Accounts payable and accrued charges	954 324	690 712
Refundable deposits	51 188	44 124
Owed the Capital and Loan Fund	1 244 207	501 864
Deferred revenue	43 760	22 514
Accrued interest on advances from the ministère des Finances	<u>23 042 409</u>	<u>19 554 211</u>
	25 459 709	21 036 658
Accumulated deficit	<u>(25 147 323)</u>	<u>(20 511 002)</u>
	<u><u>312 386 \$</u></u>	<u><u>525 656 \$</u></u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Roger BLAIS
Guy GAGNON

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS**BUDGETARY ADMINISTRATION FUND****CHANGE IN FINANCIAL POSITION**
for the fiscal year ended March 31, 1983

	<u>1983</u>	<u>1982</u>
INCREASE IN LONG-TERM DEBT		
Accrued interest on advances from the ministère des Finances	3 488 198 \$	3 408 156 \$
APPLICATION OF FUNDS		
Accumulated deficit	25 147 323	20 511 002
Transfer of deficit from the previous fiscal year, involving no movement of funds	20 511 002	16 036 922
	<u>4 636 321</u>	<u>4 474 080</u>
DECREASE IN THE FUND	1 148 123	1 065 924
INTERIM FUNDED BALANCE AT THE BEGINNING	956 791	(109 133)
INTERIM FUNDED BALANCE AT YEAR-END	<u><u>2 104 914 \$</u></u>	<u><u>956 791 \$</u></u>

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS**BUDGETARY ADMINISTRATION FUND****RESULTS AND ACCUMULATED DEFICIT**
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Subsidy — ministère des Affaires municipales	4 632 600 \$	4 200 000 \$
Subsidy — Aéroport de Gatineau	250 000	
Actuarial surplus — pension plan (Note 3)	150 000	223 343
Sale of land	99 625	645 604
Emphyteutic rents	2 778	3 730
Other	10 305	5 411
	<u>5 145 308</u>	<u>5 078 088</u>
EXPENDITURE		
Deficit from the previous year	20 511 002	16 036 922
Wages, salaries and allowances (Note 3)	2 570 349	2 760 046
Transportation and communications	460 221	322 084
Administrative and professional services	217 960	204 448
Maintenance and repairs	38 797	37 696
Rent	247 608	284 027
Supplies	88 456	91 915
Capital expenditure from revenue	25 130	(5 769)
Debt servicing (Note 4)	4 620 949	4 374 355
Surplus expenditure over revenue (revenue over expenditure) —		
Tourist and recreational centres (see p. 246)	1 147 588	1 172 513
Real estate rentals (see p. 246)	(24 775)	(21 199)
Gatineau airport (see p. 246)	389 346	332 052
	<u>30 292 631</u>	<u>25 589 090</u>
Accumulated deficit	<u>25 147 323 \$</u>	<u>20 511 002 \$</u>

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

R.S.Q., c. C-37.1 and amendments

CAPITAL AND LOAN FUND**BALANCE SHEET**

as at March 31, 1983

	1983	1982
ASSETS		
Cash	1 081 \$	
Accounts receivable	347 300	
Prepaid expenses	73 654	78 807 \$
Advances to the Budgetary Administration Fund	1 244 207	501 864
Capital expenditure from revenue (Note 6)	625 906	592 624
Fixed assets, at cost (Note 7)	45 712 640	45 361 337
	<u>48 004 788 \$</u>	<u>46 534 632 \$</u>
LIABILITIES		
Short-term liabilities (Note 8)	8 774 525 \$	7 353 211 \$
Provision for expropriation commitments (Note 10 c)	1 467 533	1 752 473
Advances from the ministère des Finances (Note 5)	35 460 600	35 113 300
	<u>45 702 658</u>	<u>44 218 984</u>
CAPITAL EXPENDITURE ON FIXED ASSETS	<u>2 302 130</u>	<u>2 315 648</u>
	<u>48 004 788 \$</u>	<u>46 534 632 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Roger BLAIS
Guy GAGNON

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

CAPITAL AND LOAN FUND

CAPITAL EXPENDITURE ON FIXED ASSETS
for the fiscal year ended March 31, 1983

	1983	1982
BALANCE AT THE BEGINNING	2 315 648 \$	2 658 380 \$
Add (subtract)		
Capital spending from the Budgetary Administration Fund	33 282	(9 959)
Capital payments on long-term debt		5 336
Cost of land sold	(46 800)	(338 109)
BALANCE AT YEAR-END	2 302 130 \$	2 315 648 \$

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

CAPITAL AND LOAN FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

	1983	1982
EXPENDITURE ON FIXED ASSETS		
Infrastructure, industrial and commercial equipment	287 861 \$	54 016 \$
Tourist and recreational facilities	63 442	1 170 981
Furniture and equipment	8 153	
Other equipment		(7 147)
Vehicles	25 129	(2 812)
	<u>384 585</u>	<u>1 215 038</u>
FINANCING OF EXPENDITURE ON FIXED ASSETS		
Advances from the ministère des Finances (Note 5)	347 300	524 700
Capital expenditure from the Budgetary Administration Fund	33 282	(9 959)
Cost of land sold	(46 800)	(338 109)
	<u>333 782</u>	<u>176 632</u>
DECREASE IN THE FUND	50 803	1 038 406
INTERIM FUNDED BALANCE AT THE BEGINNING	8 525 013	7 486 607
INTERIM FUNDED BALANCE AT YEAR-END	<u>8 575 816 \$</u>	<u>8 525 013 \$</u>

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

NOTES TO FINANCIAL STATEMENTS **At March 31, 1983**

1 - MAJOR ACCOUNTING POLICIES

Accounting method

Société financial statements were prepared by management according to the fund accounting method so as to comply with restrictions and limits on available resources. Under this method, Société operations are divided among two funds, the Budgetary Administration Fund and the Capital and Loan Fund.

Inventories

Inventories are valued at their average cost.

Commitments

Included under current liabilities are all orders the Société makes to suppliers as well as any amount approved by a board of directors resolution for particular projects though not placed on order by the end of the fiscal year.

Accumulated deficit

The deficit accumulated at the end of a fiscal year is charged to operating results of the Budgetary Administration Fund for the following year.

2 - CONSTITUTION

The Société d'aménagement de l'Outaouais was constituted under the Act respecting the Communauté régionale de l'Outaouais.

3 - ACTUARIAL SURPLUS - PENSION PLAN

As pension plan regulations allow, the Société followed the advice of actuarial consultants in not contributing the sum of \$150 000 to the plan for fiscal 1983. Expenditure for the year toward the pension plan amounting to \$230 000 is included in the item wages salaries and allowances.

4 - DEBT SERVICING

	1983	1982
Interest on bank indebtedness	1 132 751 \$	960 620 \$
Ville de Hull		3 519
Ville de Gatineau		2 060
Ministère des Finances	3 488 198	3 408 156
	<u>4 620 949 \$</u>	<u>4 374 355 \$</u>

5 - ADVANCES FROM THE MINISTÈRE DES FINANCES

Advances from the ministère des Finances bear the average rate of interest of Government long-term borrowings as follows:

Prior to November 1, 1975	11 800 000 \$	9,94%
November 1, 1975 through March 31, 1976	6 000 000	9,75%
April 1, 1976 through March 31, 1977	6 000 000	10,25%
April 1, 1977 through March 31, 1979	7 700 000	10,25%
April 1, 1979 through March 31, 1980	1 723 800	10,50%
April 1, 1980 through March 31, 1981	1 364 800	11,30%
April 1, 1981 through March 31, 1982	524 700	16,00%
April 1, 1982 through March 31, 1983	347 300	13,00%
	<u>35 460 600 \$</u>	

The advance of \$1 364 800 granted for the fiscal year ended March 31, 1981 includes an interest-free amount of \$824 300.

6 - CAPITAL EXPENDITURE FROM REVENUE

	1983	1982
Furniture and equipment	183 059 \$	174 906 \$
Other installations	257 808	257 808
Airport facilities	9 274	9 274
Vehicles	175 765	150 636
	<u>625 906 \$</u>	<u>592 624 \$</u>

7 - FIXED ASSETS

	1983	1982
Infrastructure, industrial and commercial equipment		
Parc Richelieu	167 754 \$	186 298 \$
Parc du Pontiac	921 317	955 781
Aeroparc Industriel de Gatineau	3 708 665	3 367 969
Gatineau regional airport	9 231 892	9 233 519
CITUF project	2 999	1 199
Ruisseau de la Brasserie	824 500	824 500
	<u>14 857 127</u>	<u>14 569 266</u>
Tourist and recreation facilities		
Lac Deschênes marina	3 040 967	3 033 136
Auberge Symmes	1 064 391	1 064 391
Parc du Lac Lemay	1 778 773	1 776 973
Parc du Lac Beauchamp	2 509 177	2 502 644
Haute Gatineau tourist centre	1 310 875	1 310 875
Lac Leslie tourist centre	1 981 440	1 985 082
Lac de l'Argile tourist centre	5 919 128	5 930 672
Lac Simon tourist centre	3 787 110	3 768 407
Petite Rouge tourist centre	1 294 499	1 266 391
Lac Gagnon site	1 207 311	1 208 770
Meach Valley site	5 922 719	5 920 607
Frayère Pelissier	70 423	70 423
Atelier Central warehouse	648 054	633 054
Maison Hammond	320 646	320 646
	<u>30 855 513</u>	<u>30 792 071</u>
	<u>45 712 640 \$</u>	<u>45 361 337 \$</u>

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

NOTES TO FINANCIAL STATEMENTS (cont'd) **at March 31, 1983**

8 - CURRENT LIABILITIES - CAPITAL AND LOAN FUND

	1983	1982
Bank overdraft		47 774 \$
Bank loan	8 162 313 \$	6 532 682
Accounts payable	9 618	21
Commitments	588 965	722 564
Holdbacks on contracts	13 629	50 170
	<u>8 774 525 \$</u>	<u>7 353 211 \$</u>

The bank loan has been authorized by the Government.

9 - LONG-TERM LEASES

The Société is committed under four long-term leases on a computer and printer and on trailers and vehicles. The minimum annual commitment with respect to these leases is as follows: 1984 - \$20 648; 1985 - \$7 994; 1986 - \$6 506 et 1987 - \$1 084.

10 - CONTINGENT LIABILITIES

a) Payments to the ministère de la Voirie

If, in the spirit of Société resolution 70/71-7-8, the lieutenant-governor in council were to recognize the obligation to reimburse the amount of \$4 500 000 paid to the ministère de la Voirie in annual instalments of \$1 500 000, this sum could be considered, for accounting purposes, as a loan to the department.

b) Expropriation

The Government expropriated land belonging to the Société in the Meach Valley area. No amount has been recorded at March 31, 1983 respecting compensation since the amount of land expropriated is not known precisely.

c) Provision for expropriation indemnities

The provision for expropriation has been determined on the basis of compensation awarded by court decision and already negotiated for property similar to that for which indemnities have not been settled. Since the provision has been estimated, there is no way of knowing whether or not it will prove sufficient to cover all outstanding claims.

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

ADDITIONAL INFORMATION

for the fiscal year ended March 31, 1983

	1983	1982
OPERATING RESULTS – TOURIST AND RECREATIONAL CENTRES		
REVENUE	1 077 081 \$	937 942 \$
EXPENDITURE:		
Employee remuneration	1 265 415	1 305 888
Transportation and communications	71 731	49 467
Professional and administrative services	319 076	248 436
Maintenance and repairs	83 541	85 356
Rent	18 936	24 013
Supplies	457 818	402 440
Capital expenditure from revenue	8 152	(5 145)
	2 224 669	2 110 455
SURPLUS EXPENDITURE OVER REVENUE	1 147 588 \$	1 172 513 \$
OPERATING RESULTS – REAL ESTATE RENTALS		
REVENUE	112 378 \$	117 414 \$
EXPENDITURE		
Transportation and communications		48
Professional and administrative services	49 668	74 301
Maintenance and repairs	37 996	14 032
Supplies	(61)	7 834
	87 603	96 215
SURPLUS REVENUE OVER EXPENDITURE	24 775 \$	21 199 \$
OPERATING RESULTS – GATINEAU AIRPORT		
REVENUE	83 930 \$	78 506 \$
EXPENDITURE		
Employee remuneration	182 000	170 966
Transportation and communications	9 325	6 781
Professional and administrative services	111 295	100 861
Maintenance and repairs	112 119	74 240
Rent	1 194	(590)
Supplies	57 343	57 224
Capital expenditure from revenue		1 076
	473 276	410 558
SURPLUS EXPENDITURE OVER REVENUE	389 346 \$	332 052 \$

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

R.S.Q., c. S-9

AUDITOR'S REPORT

I have examined the balance sheet of the Société de cartographie du Québec at March 31, 1983 as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as the results of its operations and change in financial position for the year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 22, 1983.

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

R.S.Q., c. S-9

BALANCE SHEET

as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash and term deposits	1 233 122 \$	1 700 942 \$
Accounts receivable (Note 3)	390 113	374 525
Inventories	35 317	52 244
Prepaid expenses	29 259	28 992
	1 687 811	2 156 703
FIXED ASSETS (Note 4)	1 535 754	931 838
ASSETS HELD UNDER CAPITAL LEASE CONTRACTS (Note 5)	258 257	1 042 529
	<u>3 481 822 \$</u>	<u>4 131 070 \$</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank loan — guaranteed	356 000 \$	70 000 \$
Accounts payable and accrued charges	143 953	171 224
Payments due within a year		
Long-term debt (Note 6)	131 739	79 418
Commitments under capital lease contracts (Note 5)	53 669	149 992
	685 361	470 634
LONG-TERM DEBT (Note 6)	772 726	278 441
COMMITMENTS UNDER CAPITAL LEASE CONTRACTS (Note 5)	183 358	885 305
	<u>1 641 445</u>	<u>1 634 380</u>
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 7)		
Authorized, issued and paid-up 300 000 shares, \$10 par value	3 000 000	3 000 000
DEFICIT	1 159 623	503 310
	1 840 377	2 496 690
	<u>3 481 822 \$</u>	<u>4 131 070 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Clovis LABRECQUE
 Germain D. GIRARD

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

OPERATING RESULTS AND DEFICIT
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE FROM CONTRACTS	959 541 \$	1 137 940 \$
PRODUCTION COSTS		
Direct labour	441 404	606 242
Direct expenses	7 074	5 451
Indirect cost of production (Note 9)	801 335	761 712
	1 249 813	1 373 405
GROSS LOSS	290 272	235 465
Other revenue (Note 8)	229 993	388 624
	60 279	(153 159)
General and administrative expenses (Note 10)	596 034	471 614
NET LOSS	656 313	318 455
DEFICIT AT THE BEGINNING	503 310	184 855
DEFICIT AT YEAR-END	1 159 623 \$	503 310 \$

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Long-term debt	697 451 \$	
Commitments under capital lease contracts	2 319	825 155 \$
Proceeds upon disposal of fixed assets	28 000	39 525
	<u>727 770</u>	<u>864 680</u>
APPLICATION OF FUNDS		
Funds for operations		
Net loss	656 313	318 455
Depreciation of fixed assets and those held under capital lease	(188 815)	(156 058)
Gain (loss) on disposal of fixed assets	<u>(25 364)</u>	<u>27 219</u>
	442 134	189 616
Acquisition of fixed assets		
Purchase of assets under capital lease option	697 451 \$	
Write-down of assets previously recorded	<u>707 836</u>	
	(10 385)	
Other acquisitions	<u>69 889</u>	
	59 504	121 067
Acquisition of assets held under capital lease	2 319	825 155
Decrease in long-term debt	203 164	79 417
Decrease in commitments under capital lease contracts	704 268	194 307
	<u>1 411 389</u>	<u>1 409 562</u>
DECREASE IN WORKING CAPITAL	683 619	544 882
WORKING CAPITAL AT THE BEGINNING	1 686 069	2 230 951
WORKING CAPITAL AT YEAR-END	<u>1 002 450 \$</u>	<u>1 686 069 \$</u>

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS at march 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

A joint-stock company under the terms of its founding act, the Société de cartographie du Québec has the following goals:

- to prepare the data necessary for the making and updating of maps and other means of geographically depicting the area of Québec;
- taking aerial and land photographs of the territory for purposes of drawing up maps and using other methods of teledetection for photogrammetry and identification of natural resources as well as for other scientific ends;
- establish ground control stations for purposes of cartography and photogrammetry;
- preserve and make available documents prepared in the quest of its goals, along with all others having to do with the cartography, photogrammetry and photography of Québec's territory.

2 - ACCOUNTING POLICIES

The financial statements of the Société were prepared by management according to generally recognized accounting principles, within the bounds of accounting practice summarized as follows:

Supplies

Inventories are valued at cost.

Fixed assets

Fixed assets are recorded at cost. Depreciation is calculated with the straight-line method on the basis of their estimated service life.

	Estimated Service Life
Land development	10 years
Building	40 years
Equipment and machinery	10-15-20 years
Computer equipment	10 years
Office furniture and equipment	10 years
Rolling-stock	4 years

Capital lease contracts

Assets held under capital lease agreements are entered on the books and depreciation is charged as if they were fixed assets. Commitments flowing from such contracts are recorded at the current value of capital payments to be made.

Joint ventures

The Société pursues its activities to a large extent through joint ventures. The financial statements reflect joint-venture activities on a proportional basis.

3 - ACCOUNTS RECEIVABLE

Accounts receivable detail as follows:

	1983	1982
Gouvernement du Québec and its enterprises	113 524 \$	137 271 \$
Other	276 589	237 254
	<u>390 113 \$</u>	<u>374 525 \$</u>

4 - FIXED ASSETS

	1983		1982	
	Cost	Accumulated Depreciation	Net	Net
Land	122 170 \$		122 170 \$	122 170 \$
Development - land	35 713	27 145 \$	8 568	12 140
Building	406 895	61 221	345 674	355 845
Machinery and equipment	1 404 393	369 378	1 035 015	417 177
Office furniture and equipment	37 826	15 570	22 256	24 506
Rolling-stock	7 008	4 937	2 071	
	<u>2 014 005 \$</u>	<u>478 251 \$</u>	<u>1 535 754 \$</u>	<u>931 838 \$</u>

SOCIÉTÉ DE CARTOGRAPHIE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd) at March 31, 1983

5 - CAPITAL LEASE CONTRACTS

Assets held under capital lease agreements:

	1983	1982
Computer equipment	316 059 \$	1 122 695 \$
Accumulated depreciation	57 802	80 166
	<u>258 257 \$</u>	<u>1 042 529 \$</u>

The following table shows payments due after March 31, 1983 under the terms of capital lease contracts as well as the current value of capital instalments, once interest has been subtracted.

Fiscal year	Capital Lease Contracts
1984	95 232 \$
1985	95 232
1986	101 573
1987	42 111
Total amount of payments	<u>334 148</u>
Less:	
Interest	97 121
	<u>237 027</u>
Less:	
that due within a year	53 669
	<u>183 358 \$</u>

6 - LONG-TERM DEBT

	1983	1982
Debt bearing 8% annual interest, payable in yearly instalments of \$108 046, including capital and interest.	278 441 \$	357 859 \$
Loan at ¾% above prime, payable in monthly instalments of \$11 526, including capital and interest, with an estimated final payment of \$348 669.	626 024	
	<u>904 465</u>	<u>357 859</u>
That due within a year	131 739	79 418
	<u>772 726 \$</u>	<u>278 441 \$</u>

7 - CAPITAL STOCK

All Société shares are held by the Government.

8 - OTHER REVENUE

	1983	1982
Interest on term deposits	226 848 \$	316 403 \$
Gain (loss) on disposal of fixed assets	(25 364)	27 219
Sundry	28 509	45 002
	<u>229 993 \$</u>	<u>388 624 \$</u>

9 - INDIRECT COST OF PRODUCTION

	1983	1982
Wages and salaries	269 600 \$	228 439 \$
Fringe benefits	78 724	82 080
Equipment - laboratory and other	96 141	161 367
Property taxes	27 544	26 143
Insurance	13 835	20 752
Maintenance and repairs	12 121	33 857
Heat and electricity	16 003	13 382
Depreciation on fixed assets	169 934	140 452
Computer services	111 806	47 065
Sundry	5 627	8 175
	<u>801 335 \$</u>	<u>761 712 \$</u>

10 - GENERAL AND ADMINISTRATIVE EXPENSES

	1983	1982
Wages and salaries	189 270 \$	153 547 \$
Fringe benefits	20 661	22 177
Professional fees	39 424	12 221
Property taxes	3 377	3 101
Insurance	1 537	2 306
Maintenance and repairs	1 559	3 024
Security	1 937	1 777
Heat and electricity	1 778	1 487
Equipment rental	4 171	4 282
Travel and sales expenses	21 666	23 277
Office supplies and stationery	14 954	8 483
Directors' fees	7 000	5 500
Communications	8 492	15 175
Interest on long-term debt	56 142	30 112
Interest on capital lease commitments	146 285	137 885
Bank and interest charges	28 985	16 589
Depreciation on fixed assets	18 881	15 606
Bad debts		11 665
Tax on capital	27 730	
Sundry	2 185	3 400
	<u>596 034 \$</u>	<u>471 614 \$</u>

11 - DEALINGS WITH THE GOVERNMENT AND ITS ENTERPRISES

Nearly all revenue shown on the statement of operating results and deficit is derived from contracts with the Government and its enterprises.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10 and amendments

AUDITORS' REPORT

To the Minister of Finance
and subscribing cooperative members
of the Société de développement coopératif

We have examined the balance sheet of the Investment Fund and the Operating Fund of the Société de développement coopératif at March 31, 1983 as well as the statement of revenue, expenditure and surplus for the various funds and that of change in financial position of the Investment Fund for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing principles and consequently included such tests and other procedures we deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Société at March 31, 1983 and the results of its operations as well as the change in that position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

RAYMOND, CHABOT, MARTIN, PARÉ & ASSOCIÉS
Chartered Accountants

Québec, May 13, 1983.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

R.S.Q., c. S-10 and amendments

INVESTMENT FUND**BALANCE SHEET**

as at March 31, 1983

	1983	1982
ASSETS		
Cash and term deposits for investment purposes	2 906 329 \$	3 456 051 \$
Cash and term deposits in reserve as security for outstanding loans (Note 2)	1 105 900	167 350
Accrued interest on term deposits	24 365	26 431
Investments and advances to cooperatives	3 007 795	1 555 836
Corporate investments and advances (Note 3)	6 699 500	6 699 500
Subordinate notes	10 850 190	10 588 494
Guaranteed loans	147 870	156 110
Investments in fixed assets	775 537	633 733
	21 480 892	19 633 673
Interest due and accrued	378 914	112 222
	21 859 806	19 745 895
Cumulative allowance for contingent losses on investments and guarantees for outstanding loans (Note 4)	2 254 620	2 298 275
	19 605 186	17 447 620
	<u>23 641 780 \$</u>	<u>21 097 452 \$</u>
LIABILITIES		
Accounts payable and accrued charges		22 468 \$
Accrued interest on advances		5 068
Note payable	100 000 \$	100 000
Advances from the ministère des Finances (Note 5)	20 620 142	18 620 142
Advances from subscribing cooperative members (Note 6)	2 700 069	2 200 046
Surplus	221 569	149 728
	<u>23 641 780 \$</u>	<u>21 097 452 \$</u>

The accompanying notes are an integral part of the financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS,

Oscar MERCURE, Chairman

Robert SOUPRAS Vice-chairman

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF**INVESTMENT FUND****REVENUE AND EXPENDITURE**
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Interest earned on investments	1 416 001 \$	1 368 897 \$
Interest earned on term deposits	633 890	576 544
Rent	34 189	
	<u>2 084 080</u>	<u>1 945 441</u>
EXPENDITURE		
Loan guarantee assumed		24 822
Retention disbursements	697	
Provision for contingent losses on investments and guarantees for outstanding loans	<u>1 330 242</u>	<u>1 428 937</u>
	<u>1 330 939</u>	<u>1 453 759</u>
SURPLUS REVENUE OVER EXPENDITURE		
BEFORE MINIMAL INTEREST ON ADVANCES	753 141	491 682
Minimal interest on advances	<u>681 300</u>	<u>467 602</u>
SURPLUS REVENUE	<u><u>71 841 \$</u></u>	<u><u>24 080 \$</u></u>

SURPLUS
for the fiscal year ended March 31, 1983

	1983	1982
Balance at the beginning	149 728 \$	222 671 \$
Additional interest on advances		97 023
	<u>149 728</u>	<u>125 648</u>
Surplus revenue	71 841	24 080
Balance at year-end	<u><u>221 569 \$</u></u>	<u><u>149 728 \$</u></u>

**CUMULATIVE PROVISION FOR CONTINGENT LOSSES ON
INVESTMENTS AND GUARANTEES FOR OUTSTANDING LOANS**
for the fiscal year ended March 31, 1983

	1983	1982
BALANCE AT THE BEGINNING	2 298 275 \$	1 496 668 \$
Written off during the year	<u>1 373 897</u>	<u>627 330</u>
	924 378	869 338
Additional allowance for contingent losses	<u>1 330 242</u>	<u>1 428 937</u>
BALANCE AT YEAR-END	<u><u>2 254 620 \$</u></u>	<u><u>2 298 275 \$</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

INVESTMENT FUND

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Note payable		100 000 \$
Advances from the ministère des Finances	2 000 000 \$	7 000 000
Advances from subscribing cooperative members	500 023	500 023
Reimbursement on loans and investments	2 854 541	1 531 332
	<u>5 354 564</u>	<u>9 131 355</u>
Surplus revenue	71 841	24 080
Elements constituting no source or application of funds:		
Net change in accrued interest	(269 694)	(134 705)
Increase in the cumulative provision for contingent losses	<u>1 330 242</u>	<u>1 428 937</u>
Funds from operations	<u>1 132 389</u>	<u>1 318 312</u>
	<u>6 486 953</u>	<u>10 449 667</u>
APPLICATION OF FUNDS		
Cash reserve for guarantees on outstanding loans	938 550	107 750
Investments and advances to cooperatives	2 425 682	1 544 836
Corporate investments and advances		4 299 500
Subordinate loans	3 338 171	4 758 578
Guaranteed loans	170 000	20 045
Investments in fixed assets	164 272	611 265
Additional interest on advances		97 023
	<u>7 036 675</u>	<u>11 438 997</u>
DECREASE IN CASH POSITION	549 722	989 330
CASH FOR INVESTMENT PURPOSES AT THE BEGINNING	3 456 051	4 445 381
CASH FOR INVESTMENT PURPOSES AT YEAR-END	<u>2 906 329 \$</u>	<u>3 456 051 \$</u>

The accompanying notes are an integral part of the consolidated financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

OPERATING FUND

BALANCE SHEET
as at March 31, 1983

	1983	1982
ASSETS		
Cash	15 997 \$	
Accounts receivable (Note 6)	44 145	154 146 \$
Fixed assets (Note 7)		
Cost	559 304	533 159
Accumulated depreciation	66 627	49 298
	492 677	483 861
	552 819 \$	638 007 \$
LIABILITIES		
Bank overdraft		34 199 \$
Caisse populaire loan	190 000 \$	150 000
Accounts and accrued charges payable	52 523	79 581
Wages, salaries and fringe benefits payable	54 589	46 243
Mortgage loan on the buildings, at 10%, due August 14, 1983	190 000	190 000
Surplus	65 707	137 984
	552 819 \$	638 007 \$

The accompanying notes are an integral part of the consolidated financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS,

Oscar MERCURE, Chairman

Robert SOUPRAS, Vice-chairman

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

OPERATING FUND

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Contribution from the ministère des Finances	1 000 000 \$	1 000 000 \$
Interest earned on term deposits	52 266	109 463
Technical assistance	310 675	66 230
Administrative expenses	102 866	70 346
Cancellation of purchase option		80 016
Gain on disposal of fixed assets	2 640	
	<u>1 468 447</u>	<u>1 326 055</u>
EXPENDITURE		
Wages, salaries and fringe benefits	975 578	970 073
Travel expenses	128 256	150 778
Advertising and information	13 593	8 833
Office equipment and supplies	125 304	113 927
Professional fees	19 769	31 354
Telecommunications	70 455	77 274
Meetings	28 327	34 612
Rent and related expenses	65 835	64 782
Technical assistance	7 585	32 877
Bad debts	63 444	546
Interest on borrowings	21 269	20 166
Building depreciation and major repairs	8 626	8 184
Depreciation on furniture and equipment	12 683	10 781
	<u>1 540 724</u>	<u>1 524 187</u>
SURPLUS EXPENDITURE OVER REVENUE	72 277	198 132
SURPLUS AT THE BEGINNING	137 984	336 116
SURPLUS AT YEAR-END	<u>65 707 \$</u>	<u>137 984 \$</u>

The accompanying notes are an integral part of the consolidated financial statements.

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - MAJOR ACCOUNTING POLICIES

Investment in a wholly-owned subsidiary

The goal of the Société is to provide certain cooperative enterprises with financial assistance and services for the purpose of stimulating their creative forces and development. To this end, the Société formed a holding company to acquire buildings for resale to housing cooperatives.

In the belief that separate presentation of the financial statements of this subsidiary, even in summary fashion in Note 10, would make for the greatest clarity, the investment is recorded on the books of the Société at cost.

Investments, subordinate loans, guaranteed loans and real estate investments

These are recorded at cost under assets upon disbursement. Investments take the form of common and preferred shares or advances to cooperative undertakings.

Subordinate loans are in no way guaranteed.

Loans are secured by collateral, mortgage or mortgage debenture on specific assets.

Real estate investments are composed of property held by the Société against commitments on the part of housing cooperatives to buy back or rent such assets, in accordance with section 29 of the Act respecting the Société de développement coopératif.

Cumulative provision for contingent losses on investments and guarantees for outstanding loans

A provision is charged to expenditure for probable losses on specific loans, investments and loan guarantees as well as for contingent losses. The cumulative provision for contingent losses is calculated on the basis of past experience and a case-by-case study so as to parry losses on investments, loans and loan guarantees where a significant change is felt to have a negative impact on the development of a cooperative's economic activities.

Fixed assets

Fixed assets are recorded at their cost of acquisition and depreciation is charged according to the straight-line method on the basis of their estimated service life at the following rates:

Building and major repairs	2½%
Furniture and equipment	10%

2 - CASH AND TERM DEPOSITS

The Société acted as surety on loans totaling \$2 211 800 at March 31, 1983. As required under section 33 of the Act, the Société put up \$1 105 900 of its term deposits as a reserve equal to 50% of the amount of outstanding loans.

3 - CORPORATE INVESTMENTS AND ADVANCES

	1983	1982
S.D.C.(Habitation) 1980 Inc. - wholly-owned subsidiary:		
1 000 common shares	1 000 000 \$	1 000 \$
499 "C" class preferred shares	499 000	499 000
	1 499 000	500 000
Advances on notes	5 001 000	6 000 000
	6 500 000	6 500 000
1856-2900 Québec Inc. (50% of shares issued)		
50 class "A" shares	500	500
Advances on a note	199 000	199 000
	199 500	199 500
	6 699 500 \$	6 699 500 \$

4 - CUMULATIVE PROVISION FOR CONTINGENT LOSSES ON INVESTMENTS AND GUARANTEES FOR OUTSTANDING LOANS

The accumulated provision for contingent losses on investments and guarantees for outstanding loans reflects the revised estimate described in Note 1.

5 - ADVANCES FROM THE MINISTÈRE DES FINANCES AND SUBSCRIBING COOPERATIVE MEMBERS

Advances bear interest at an annual rate equal to 50% of surplus revenue over expenditure, providing payment of such interest does not create a deficit, but no less than 3%; where interest payments equal 50% of surplus revenue over expenditure, the board may vote a supplementary rate as long as the total overall is not more than ½ of 1% over prime. Any such additional interest payment shall be charged against the surplus upon disbursement.

Advances are to be repaid as follows:

1993	1 000 000 \$
1994	1 000 000 \$
1995	5 500 000 \$
1996	5 820 165 \$
1997	7 500 023 \$
1998	2 500 023 \$

6 - ACCOUNTS RECEIVABLE

	1983	1982
Technical assistance to cooperatives	27 989 \$	110 824 \$
S.D.C. (Habitation) 1980 Inc.	9 563	38 422
Others	6 593	4 900
	44 145 \$	154 146 \$

SOCIÉTÉ DE DÉVELOPPEMENT COOPÉRATIF

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

7 - FIXED ASSETS

	1983		1982	
	Cost	Net Book Value	Cost	Net Book Value
Land	85 000 \$	85 000 \$	85 000 \$	85 000 \$
Buildings and major repairs	333 707	305 220	332 497	312 636
Furniture and equipment	140 597	102 457	115 662	86 225
	<u>559 304 \$</u>	<u>492 677 \$</u>	<u>533 159 \$</u>	<u>483 861 \$</u>

8 - COMMITMENTS ON INVESTMENTS, SUBORDINATE LOANS, GUARANTEED LOANS AND LOAN GUARANTEES

At the date of the balance sheet, financial assistance that was authorized but not yet disbursed came to \$2 565 997, aside from these items shown as assets. Loan guarantees in the amount of \$45 500 have been authorized but not yet in effect at March 31, 1983. At year-end, the Société had authorized subordinate loans for \$1 390 000 and loan guarantees valued at \$65 000, all of which were conditional on obtaining the required funds, including that prescribed by the Act.

9 - LONG-TERM LEASES

The Société is committed under long-term leases through 1985 to pay total rent of \$13 593 for office space.

Annual rent is as follows over the next two fiscal years:

1984	10 460 \$
1985	3 133 \$

10 - S.D.C. (HABITATION) 1980 INC. - SUMMARY FINANCIAL STATEMENTS

Balance sheet as at
December 31, 1982

	1983	1982
ASSETS		
Current assets		22 100 061 \$
Net fixed assets		240 941
Set-up charges, at cost		910 139
		<u>23 251 141 \$</u>

LIABILITIES AND SHAREHOLDER EQUITY

Current liabilities	16 751 141 \$
S.D.C. advances	5 001 000
Capital stock	1 499 000
	<u>23 251 141 \$</u>

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

AUDITORS' REPORT

To Mr. Yves Duhaime
Minister responsible
for applying the James Bay Region Development Act
Hôtel du Gouvernement
Québec

We have examined the balance sheet of the Société de développement de la Baie James at December 31, 1982, as well as the statement of operating results and deficit and that of change in financial position for the fiscal year then ended, having obtained all information and explanations requested. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures we deemed necessary in the circumstances.

Given the information and explanations we received and that shown on the Société's books, these statements in our opinion accurately present its financial situation at December 31, 1982 as well as its operating results and change in financial position for the fiscal year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

C. Albert POISSANT, C.A.
of POISSANT, RICHARD/THORNE, RIDDELL,
Chartered Accountants

MAHEU, NOISEUX,
Chartered Accountants

Montréal, February 25, 1983.

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

BALANCE SHEET
as at December 31, 1982

	1982	1981
ASSETS		
CURRENT ASSETS		
Cash		130 523 \$
Short-term deposits and accrued interest		3 889 038
Accounts receivable (Note 2)	3 113 164 \$	5 631 621
Subsidy, ministère de l'Énergie et des Ressources	1 915 673	
Demand notes — subsidiaries	923 163	2 532 994
Inventories	567 406	568 697
	6 519 406	12 752 873
ACCOUNTS RECEIVABLE — SEBJ-HOLDBACKS	251 733	351 974
INVESTMENTS:		
Mortgage loans (Note 3)	2 492 165	2 557 867
Investments in subsidiaries (Note 4)	1 686 772	1 849 712
Advances receivable — subsidiary (Note 5)	5 551 355	5 536 576
Share capital at cost (market value: \$150 000)	350 000	350 000
Loan receivable (Note 6)	150 000	150 000
	10 230 292	10 444 155
JOE MANN MINING PROJECT (Note 7)	14 477 749	13 778 269
MINING EXPLORATION PROJECTS (Note 8)	23 307 142	18 610 131
FIXED ASSETS (Note 9)	2 835 958	3 233 081
DEVELOPMENT (Note 10)	14 871 424	14 794 223
	72 493 704 \$	73 964 706 \$

ON BEHALF OF THE BOARD OF DIRECTORS,

Charles BOULVA, Director
Claude LALIBERTÉ, Director

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

R.S.Q., c. D-8

BALANCE SHEET
as at December 31 1982

	1982	1981
LIABILITIES AND SHAREHOLDER EQUITY		
CURRENT LIABILITIES		
Bank indebtedness	5 290 000 \$	
Accounts payable and accrued charges	3 563 921	8 039 641 \$
Account payable — Municipalité de la Baie James	389 287	414 071
Deposit on work to be done — infrastructure		15 868
Mortgage due within a year	22 664	20 534
	<u>9 265 872</u>	<u>8 490 114</u>
HOLDBACK ON CONTRACTS — INFRASTRUCTURES AND OTHER	<u>301 126</u>	<u>1 794 915</u>
MORTGAGE PAYABLE (Note 11)	<u>389 561</u>	<u>412 225</u>
SHAREHOLDER EQUITY		
Capital stock (Note 12)		
Authorized		
10 000 000 common shares, \$10 par value		
Issued and paid-up		
6 000 000 shares	60 000 000	60 000 000
Contributed surplus (Note 13)	4 302 500	2 952 500
Retained earnings (deficit)	(1 765 355)	314 952
	<u>62 537 145</u>	<u>63 267 452</u>
COMMITMENTS (Note 14)		
	<u>72 493 704 \$</u>	<u>73 964 706 \$</u>

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES
OPERATING RESULTS AND RETAINED EARNINGS
 for the fiscal year ended December 31, 1982

	1982	1981
REVENUE		
Interest on short-term deposits	280 573 \$	1 422 969 \$
Interest — subsidiaries	82 658	1 325 444
Interest — mortgage loans	402 055	462 922
Interest — other		191 529
Rental and other	3 053 940	2 652 058
	3 819 226	6 054 922
Less: Revenue remittance — SEBJ	740 359	889 195
Net revenue	3 078 867	5 165 727
EXPENDITURE		
Wages, salaries and fringe benefits	7 421 779	8 726 085
Operating, maintenance and administrative expenses	15 125 187	16 986 227
Depreciation on fixed assets	515 273	375 387
	23 062 239	26 087 699
Less: Recoveries — SEBJ, Hydro-Québec and subsidiaries	15 419 455	17 975 518
Capitalized expenditure (Note 15)	2 148 246	3 523 054
	17 567 701	21 498 572
Net expenditure	5 494 538	4 589 127
PROFIT (LOSS) BEFORE THE FOLLOWING ITEMS:	(2 415 671)	576 600
Subsidy — ministère de l'Énergie et des Ressources	1 915 673	
Abandoned projects — mining exploration	(907 369)	(807 837)
	1 008 304	(807 837)
OPERATING LOSS	(1 407 367)	(231 237)
Share in net losses of subsidiaries (Note 4)	(672 940)	(914 621)
NET LOSS FOR THE YEAR	(2 080 307)	(1 145 858)
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR	314 952	1 460 810
RETAINED EARNINGS (DEFICIT) AT YEAR-END	(1 765 355) \$	314 952 \$

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31, 1982

	1982	1981
SOURCE OF FUNDS		
Operations		
Net loss	(2 080 307)\$	(1 145 858)\$
Items requiring no outlay of funds		
Depreciation on fixed assets	515 273	375 387
Abandoned projects — mining exploration	907 369	807 837
Share of subsidiaries' net losses	672 940	914 621
Loss on disposal of fixed assets and infrastructure	374 352	396 819
Contribution — loss on disposal of fixed assets, SEBJ and Hydro-Québec	(389 627)	(373 423)
Funds from operations		975 383
Contributed surplus	1 350 000	
Decrease in mortgage loan — subsidiary	65 702	45 509
Proceeds on disposal of fixed assets and infrastructure	60 171	153 617
Remittance of proceeds on disposal of fixed assets and infrastructure — SEBJ and Hydro-Québec	(35 510)	(118 274)
	24 661	35 343
	1 440 363	1 056 235
	7 009 225	12 936 669
Decrease in working capital	8 449 588 \$	13 992 904 \$
APPLICATION OF FUNDS		
Decrease (increase) — in contract holdbacks — infrastructure and other	1 493 789 \$	(1 088 309)\$
Increase (decrease) in accounts receivable and holdbacks — SEBJ	(100 241)	53 740
	1 393 548	(1 034 569)
Development		
Investment	396 224	16 820 948
Contribution — SEBJ and Hydro-Québec	(318 619)	(16 662 591)
	77 605	158 357
Joe Mann mining project		
Investment	699 480	11 791 577
Partnership participation		(360)
	699 480	11 791 217
Mining exploration projects		
Investment	6 111 801	8 782 119
Partnership participation	(57 358)	(6 938 737)
Participation — others	(450 063)	(379 466)
	5 604 380	1 463 916
Fixed assets		
Purchases	547 110	2 462 545
Contribution — SEBJ and Hydro-Québec	(419 978)	(1 135 408)
Mortgages payable		(437 583)
	127 132	889 554
Mortgages payable	22 664	25 358
Share capital		350 000
Investment in a subsidiary	510 000	250 000
Increase in advances receivable — subsidiary	14 779	99 071
	8 449 588 \$	13 992 904 \$

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS at December 31, 1982

1 - ACCOUNTING POLICIES

(a) Investments in subsidiaries

The Société de développement de la Baie James (SDBJ) is a paragonovernmental entity created under a special act whose shares are wholly held by the Government. The SDBJ has been charged with natural resource and infrastructure development for the James Bay region. It also has the task of administering this area of 350 000 square kilometres, calling on the services of the Municipalité de la Baie James when required. The financial statements have been prepared for submission to the Minister responsible for applying the James Bay Region Development Act, to the National Assembly and to whomever is interested.

The financial statements of SDBJ subsidiaries are presented separately in the belief the result would make for greater clarity. Except for the investment in the Société de développement autochtone de la Baie James (Sodab) recorded at cost because the increase in its net equity cannot be distributed among shareholders, SDBJ investments in subsidiaries are entered at cost plus a share of retained earnings (equity method). Sotol inc., a major subsidiary, is a regulated company.

(b) Inventories

Inventories are recorded at the lesser of replacement value and cost, which is determined with the FIFO method.

(c) Mining exploration projects

SDBJ participation is recorded at cost except in the case of a few joint ventures to which there is no monetary, rather a technical, contribution and hence not shown on the financial statements.

The cost of abandoning or liquidating projects is charged to operations for the year in which this takes place.

(d) Land, buildings, modular homes and other equipment

These fixed assets are recorded at cost, less any contribution from third parties.

(e) Depreciation

Depreciation is charged on fixed assets using the straight-line method on the basis of net cost over their estimated service life.

	Anticipated Service Life
Buildings	20 years
Modular homes	10 years
Office furniture and equipment	5 years
Equipment and materials	3 years
Rolling-stock	3 years

(f) Development

Contribution - infrastructure

On February 10, 1972, the SDBJ signed an agreement with the Société d'énergie de la Baie James (SEBJ) whose terms called for the SDBJ to build the infrastructure required for the development of James Bay hydroelectric resources (permanent and winter roads, bridges, airports and others) by the SEBJ for which the latter agreed to pay 99% of net construction costs incurred by the SDBJ. The SEBJ is to assume the entire maintenance and operating costs as long as it is sole user. The infrastructure remains the property of the SDBJ, which may not cede, move or dispose of such installations without SEBJ consent.

Contribution - regional development planning and environmental protection

The cost of certain SDBJ studies is reduced by the amount of any contribution received from other parties benefiting from the studies.

(g) Income tax

As a Government-owned corporation, the SDBJ and its subsidiaries are not subject to income tax.

(h) Pension plan

A contributory pension plan covers all permanent employees of the SDBJ and its subsidiaries. Based on the average of the employee's earnings for the five best years, pension benefits become payable on the first of the month following the employee's sixty-fifth birthday. All SDBJ employee contributions are held by a trust company.

Each year, pension benefits are fully funded. In the course of the first quarter, an actuarial valuation is made on the basis of credited service and any shortfall is covered during that year.

However, considering the actuarial surplus accumulated in the pension plan account at December 31, 1981, the SDBJ and its subsidiaries did not make any contribution during 1982.

2 - ACCOUNTS RECEIVABLE

	1982	1981
Société d'énergie de la Baie James	1 878 246 \$	3 011 795 \$
Hydro-Québec	350 902	793 802
Subsidiaries	72 077	47 160
Other	811 939	1 778 864
	<u>3 113 164 \$</u>	<u>5 631 621 \$</u>

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 1982

3 - MORTGAGE LOANS

	1982	1991
(a) The SDBJ holds a second mortgage bond bearing annual interest of 15%, due November 30, 1986. It may be repaid before maturity without penalty as of December 1, 1982 upon ten days' notice. The SDBJ also has two consecutive options to purchase 34% and 6% of outstanding common shares of the lender, operating in the James Bay region. Should the SDBJ become shareholder, the rate of interest would be 12% annually from the date the stock option is exercised.	2 000 000 \$	2 000 000 \$

(b) The SDBJ has lent \$750 000 to a subsidiary at annual interest of 13% on the residual balance, guaranteed by a first mortgage on a building. The interest rate is renegotiable in January 1984. The mortgage is payable in monthly instalments of \$11 200 (capital and interest), due December 1, 1988.

	557 867	603 376
	<u>2 557 867</u>	<u>2 603 376</u>
Less: the portion receivable within a year included in accounts receivable.	65 702	45 509
	<u>2 492 165 \$</u>	<u>2 557 867 \$</u>

4 - INVESTMENTS IN SUBSIDIARIES

	Investments at December 31, 1981	Shares Bought	Share of 1982 Net Profit (loss)	Investments at December 31, 1982
Sotel inc. (51% share)	286 002 \$	510 000 \$	72 040 \$	968 042 \$
Sotour (100% share)	988 955		(763 148)	225 807
Somine inc. (100% share)	268 345		18 168	286 513
Fer Albanel limitée (51% share)	305 900			305 900
Sodab (51% share)	510			510
	<u>1 849 712 \$</u>	<u>510 000 \$</u>	<u>(672 940) \$</u>	<u>1 686 772 \$</u>

The SDBJ share of Sotel inc., Sotour and Somine inc. profit since their founding comes to \$785 512.

5 - ADVANCE RECEIVABLE - SUBSIDIARY

Under the terms of an agreement signed January 29, 1976, the SDBJ acquired the option for ten years to purchase shares of the 49% interest that Cleveland Cliffs Iron Company (Cliffs) holds in Fer Albanel limitée.

Among other things, this agreement stipulates that the SDBJ finance all expenditure on mining exploration beginning January 1, 1975. Such advances, limited to \$4 500 000 including interest, bear the prime rate; additional advances shall be interest-free.

If the SDBJ does not exercise its stock purchase option, there will be no repayment of the principal or interest on these advances until all Fer Albanel limitée notes payable and advances from other shareholders are fully reimbursed.

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd) at December 31, 1982

6 - LOAN RECEIVABLE

According to an agreement signed in May 1980 with Les Ressources du Lac Meston inc., Valley Mining Corp. (Meston), the SDBJ granted Meston an interest-free loan of \$150 000 in August 1980.

Repayment will begin when the Joe Mann mining project comes into commercial operation. Meston will then receive part of the net revenue from the mining project in return for the SDBJ acquisition of its interest in the joint venture.

7 - JOE MANN MINING PROJECT

	1982	1981
Joe Mann mining project:		
Investment	15 137 709 \$	14 438 229 \$
Limited partnership	659 960	659 960
	<u>14 477 749 \$</u>	<u>13 778 269 \$</u>

The SDBJ and Meston signed a joint venture agreement in July 1980 to put certain Meston mining properties back into a productive state. The SDBJ investment in the project consists of inventories, fixed assets and development charges.

On September 15, 1981, the SDBJ made an offer under the terms of the agreement to acquire Meston rights and interest in the joint venture.

According to the terms of the joint venture agreement, Meston had ninety days to accept the offer or refuse it and acquire the SDBJ interest under the same terms. Under these terms of acquisition, Meston advised the SDBJ on December 11, 1981 that it was exercising its right to return the offer.

The SDBJ considers that Meston has not respected the terms of the September 15, 1981 acquisition offer, as it made a commitment to do in its letter of December 11, 1981, and therefore the Meston offer is invalid and the SDBJ offer deemed accepted. There has been no act of sale signed to date between the parties and the SDBJ has undertaken legal proceedings to have itself declared sole owner of Meston's interest and rights in the joint venture.

Mining operations were interrupted November 17, 1981 due to the unfavourable economic context.

Recovery of this investment cannot be determined at this point in time since it will depend on the outcome of legal proceedings and future profitability of those mining operations. At present, the SDBJ has no reason to believe it will not recover the investment in full.

8 - MINING EXPLORATION PROJECTS

	1982	1981
Mining exploration projects	34 343 504 \$	29 139 072 \$
Participation:		
Limited partnerships	9 927 699	9 870 341
Others	1 108 663	658 600
	<u>11 036 362</u>	<u>10 528 941</u>
Net cost	<u>23 307 142 \$</u>	<u>18 610 131 \$</u>

A limited partnership, Exploration SDBJ 1980, was formed on July 4, 1980 under the laws of the province, with the SDBJ as general partner. The enterprise will participate in the financing of mining exploration work in the James Bay region. To date, limited partners have subscribed 235 700 units. On November 15, 1982, the SDBJ made an offer, under the terms of the partnership agreement, to buy back their participation units at a price set by an independent engineering firm of \$3.15 each. The offer was valid until December 30, 1982. To that date, the SDBJ received certificates from partners representing 53 000 units who accepted the offer. Payment to them in the amount of \$166 950 was made on January 28, 1983. The SDBJ assumes liability for all commitments and obligations of the partnership.

9 - FIXED ASSETS

	1982	1981
Land	175 276 \$	175 276 \$
Buildings	2 217 861	2 022 271
Modular homes	2 707 789	2 733 711
Office furniture and equipment	1 841 141	1 712 813
Equipment and materials	1 780 878	1 724 265
Rolling-stock	3 064 931	3 266 980
	<u>11 787 876</u>	<u>11 635 316</u>
Contribution - SEBJ and Hydro-Québec	6 168 612	6 105 145
Net cost	<u>5 619 264</u>	<u>5 530 171</u>
Accumulated depreciation	2 783 306	2 297 090
	<u>2 835 958 \$</u>	<u>3 233 081 \$</u>

10 - DEVELOPMENT

	1982	1981
Infrastructure	407 770 377 \$	407 501 657 \$
Contribution - SEBJ and Hydro-Québec	402 174 611	401 924 618
Net cost	<u>5 595 766</u>	<u>5 577 039</u>
Regional development planning	5 275 627	5 211 252
Contribution - SEBJ	507 238	507 238
Net cost	<u>4 768 389</u>	<u>4 704 014</u>
Environmental protection	7 345 937	7 351 838
Contribution - federal government	2 838 668	2 838 668
Net cost	<u>4 507 269</u>	<u>4 513 170</u>
	<u>14 871 424 \$</u>	<u>14 794 223 \$</u>

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS (cont'd) **at December 31, 1982**

11 - MORTGAGE PAYABLE

	1982	1981
First mortgage on a building, at 10½% interest calculated semi-annually, payable in monthly instalments of \$1 967, including capital and interest, due April 1, 1983.	181 842 \$	186 493 \$
Second mortgage on a building, at 10% interest calculated semi-annually, payable in monthly instalments of \$3 276, including capital and interest, due September 15, 1991.	230 383	246 266
	412 225	432 759
Due within a year	22 664	20 534
	<u>389 561 \$</u>	<u>412 225 \$</u>

12 - CAPITAL STOCK

Section 25 of the James Bay Region Development Act stipulates that the Minister of Finance shall pay the SDBJ an amount up to \$10 000 000 for 1 000 000 shares out of the Consolidated Revenue Fund during each of ten years; in the event payment is not made in full for a particular year, it may be so made subsequently. SDBJ shares, part of the public domain, are assigned to the Minister of Finance.

13 - CONTRIBUTED SURPLUS

The SDBJ received \$1 350 000 from the Government to act as its agent for the renewal of an agreement with a mining exploration company operating in the James Bay region.

14 - COMMITMENTS

	Total	SEBJ and Hydro- Québec	SDBJ
Construction and maintenance of infrastructure	9 019 968 \$	9 019 968 \$	
Mining exploration projects			
Purchase of fixed and other assets	1 036 583	922 504	114 079 \$
At December 31, 1982	<u>10 056 551 \$</u>	<u>9 942 472 \$</u>	<u>114 079 \$</u>
At December 31, 1981	<u>11 751 389 \$</u>	<u>7 450 039 \$</u>	<u>4 301 350 \$</u>

The Société has other commitments under a long-term lease that expires in 1988. Commitments amount to \$191 943 for fiscal 1983 and \$170 616 yearly thereafter. This lease contains a renewal option for one to five years.

15 - CAPITALIZED EXPENDITURE

	1982	1981
Joe Mann mining project	83 860 \$	386 043 \$
Mining exploration projects	1 721 109	2 204 813
Fixed assets	177 437	132 517
Development	165 840	799 681
	<u>2 148 246 \$</u>	<u>3 523 054 \$</u>

16 - SOCIÉTÉ DE DÉVELOPPEMENT AUTOCHTONE DE LA BAIE JAMES (SODAB)

BALANCE SHEET	1982	1981
ASSETS		
Cash and investments	1 769 634 \$	2 065 441 \$
Accounts receivable	186 675	33 027
Inventories	654 476	
Loans and accrued interest	318 979	675 047
	<u>2 929 764</u>	<u>2 773 515</u>
Loans	448 800	283 027
Investments and advances	111 000	
Fixed assets	326 876	12 127
	<u>3 816 440 \$</u>	<u>3 068 669 \$</u>

LIABILITIES AND

SHAREHOLDER EQUITY

Accounts payable and accrued charges	361 119 \$	38 595 \$
Capital stock	2 751 000	2 501 000
Retained earnings	704 321	529 074
	<u>3 816 440 \$</u>	<u>3 068 669 \$</u>

17 - FER ALBANEL LIMITÉE

BALANCE SHEET	1982	1981
ASSETS		
Deferred exploration charges	6 403 403 \$	6 388 625 \$
LIABILITIES AND SHAREHOLDER EQUITY		
Notes and advances payable:		
SDBJ	5 551 354 \$	5 536 576 \$
Others	839 710	839 710
	<u>6 391 064</u>	<u>6 376 286</u>
Shareholders' equity	12 339	12 339
	<u>6 403 403 \$</u>	<u>6 388 625 \$</u>

18 - COMPARATIVE FIGURES

Certain items from the previous fiscal year have been altered for purposes of this year's presentation.

**SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES
DE LA CULTURE ET DES COMMUNICATIONS**

R.S.Q., c. S-10.01 and amendments

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement des industries de la culture et des communications at March 31, 1983 as well as the statement of operating results and deficit and that of the change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as the results of its operations and change in its financial position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, October 4, 1983.

**SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES
DE LA CULTURE ET DES COMMUNICATIONS**

R.S.Q., c. S-10.01 and amendments

BALANCE SHEET
as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash and term deposits	1 989 678 \$	3 602 223 \$
Accrued interest on term deposits and loans	213 028	176 161
Loans due within a year	2 053 719	847 503
Accounts receivable	13 530	3 938
	4 269 955	4 629 825
LOANS (Note 3)	4 963 108	3 244 362
INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY (Note 4)	1 022 709	
FIXED ASSETS (Note 5)	89 037	85 685
OTHER	123 234	140 838
	10 468 043 \$	8 100 710 \$
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	118 631 \$	88 684 \$
Provision for guarantees (Note 6)	114 674	
	233 305	88 684
SHAREHOLDER EQUITY		
Capital stock (Note 7)		
Authorized: 200 000 shares, \$100 par value		
Issued and paid-up: 110 000 shares, (85 000 in 1982)	11 000 000	8 500 000
Deficit	(1 372 951)	(487 974)
Contributed surplus (Note 8)	607 689	
	10 234 738	8 012 026
	10 468 043 \$	8 100 710 \$

ON BEHALF OF THE BOARD OF DIRECTORS,

 Colette CHABOT
 Pierre A. DESCHÉNES

**SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES
DE LA CULTURE ET DES COMMUNICATIONS**
OPERATING RESULTS AND DEFICIT
for the fiscal year ended March 31, 1983

	1983	1982 (Note 9)
REVENUE		
Interest on deposits and loans	1 126 036 \$	1 123 926 \$
EXPENDITURE		
Wages, salaries and fringe benefits	480 527	389 128
Director's fees	18 000	17 792
Professional fees	21 375	35 003
Sales, travel and convention expenses	33 244	28 121
Rent	94 500	36 492
Taxes, permits and insurance	7 133	684
Maintenance and repairs	4 457	3 360
Stationery and office supplies	26 235	15 297
Communications	9 635	7 874
Provision for losses on loans (Note 3)	1 086 870	427 348
Provision for guarantees (Note 6)	147 870	
Depreciation of fixed assets	14 189	8 481
Amortization of start-up costs	17 604	17 604
Other	14 394	16 918
	1 976 033	1 004 102
NET OPERATING PROFIT (LOSS)	849 997	(119 824)
Les Placements R.D.P. Inc.		
Share of net losses since acquisition	34 980	
NET LOSS (PROFIT)	884 977	(119 824)
DEFICIT AT THE BEGINNING	487 974	607 798
DEFICIT AT YEAR-END	1 372 951 \$	487 974 \$

**SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES
DE LA CULTURE ET DES COMMUNICATIONS**

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Capital stock	2 500 000 \$	3 300 000 \$
Increase in loan payments due within a year	1 327 289	495 247
Reimbursement of loans	2 674 408	1 043 572
Proceeds upon disposal of fixed assets	191	
	<u>6 501 888</u>	<u>4 838 819</u>
APPLICATION OF FUNDS		
Net operating profit (loss)	849 997	(119 824)
Items not affecting working capital:		
Provision for losses on loan payments due after a year	(7 63 136)	(387 148)
Depreciation on fixed assets	(14 189)	(8 481)
Amortization of start-up costs	(17 604)	(17 604)
Loss on disposal of equipment	(386)	
Funds for operations	54 682	(533 057)
Loans granted	6 483 579	3 554 699
Share of capital stock in an unconsolidated subsidiary	450 000	
Acquisition of fixed assets	18 118	48 828
	<u>7 006 379</u>	<u>3 070 470</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(504 491)</u>	<u>1 768 349</u>
WORKING CAPITAL AT THE BEGINNING	<u>4 541 141</u>	<u>2 772 792</u>
WORKING CAPITAL AT YEAR-END	<u><u>4 036 650 \$</u></u>	<u><u>4 541 141 \$</u></u>

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

A joint-stock company, the Société de développement des industries de la culture et des communications, formerly the Société québécoise de développement des industries culturelles was founded under a special Act. Its purpose is to promote the development of cultural undertakings in Québec and the quality, authenticity and competitiveness of their products as well as ensure their distribution, in addition to promoting the creation and development of enterprises operating in the areas of communications services and cultural property. The Société may also be known as "SODICC".

2 - ACCOUNTING POLICIES

Société financial statements were prepared by management within the bounds of accounting practice summarized as follows:

Provision for losses on loans

A provision for losses on loans is set up for accounts presenting collection difficulties by evaluating the expected loss and by applying a rate to estimate contingent losses on overdue accounts.

Fixed assets

Works of art are shown at cost, with no depreciation charged. Other assets are recorded at cost, with depreciation charged according to the straight-line method over their estimated service life at the following annual rates:

Office furniture	10%
Equipment	20%

The cost of leasehold improvements is amortized over the length of the lease.

Other

This item represents start-up costs, which are amortized over ten years using the straight-line method.

3 - LOANS

	1983	1982
Loans	7 617 641 \$	4 291 117 \$
Assets to be sold	1 231 927	707 830
Recovery receivable on defaulted loans	208 550	232 047
	<u>9 058 118</u>	<u>5 220 994</u>
Provision for losses on loans	809 364	421 299
Provision for assets to be sold	<u>1 231 927</u>	<u>707 830</u>
	<u>2 041 291</u>	<u>1 129 129</u>
	<u>7 016 827</u>	<u>4 091 865</u>
Loans due within a year	<u>2 053 719</u>	<u>847 503</u>
	<u><u>4 963 108 \$</u></u>	<u><u>3 244 362 \$</u></u>

The "assets to be sold" item includes the balance on loans, interest and charges incurred by the Société for the recovery of defaulted loans, less amounts recovered.

Change in the provision for losses on loans, including accrued interest:

	1983	1982
Balance at the beginning	1 169 324 \$	741 976 \$
Written off during the year	<u>26 322</u>	
	<u>1 143 002</u>	<u>741 976</u>
Provision for the year	1 086 870	427 348
Balance at year-end	<u><u>2 229 872 \$</u></u>	<u><u>1 169 324 \$</u></u>

The provision for losses is subtracted from asset items as follows:

Accrued interest on term deposits and loans	188 581 \$	40 195 \$
Loans due within a year	308 713	159 687
Loans	<u>1 732 578</u>	<u>969 442</u>
	<u><u>2 229 872 \$</u></u>	<u><u>1 169 324 \$</u></u>

4 - INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

On July 27, 1982, the Société acquired 937 common shares in Les Placements R.D.P. Inc., 51% of that company's authorized and paid-up shares. The stock was acquired for \$450 000 plus the transfer of 9 properties previously obtained from the ministère des Affaires culturelles at a cost of \$1.

The Société records the investment at equity value because it intends to dispose of it shortly. Moreover, the Société does not have effective control of subsidiary operations since its 51% stock ownership allows it to name only one of three directors, given the share purchase agreement.

The consolidated value of the investment in Les Placements R.D.P. Inc. at March 31, 1983 details as follows:

	1982
Cost of acquisition at July 27, 1982	
Cash payment	450 000 \$
Transfer of 9 properties located in Place Royale, Québec City, at their assigned value as stated in Note 8	<u>607 689</u>
	<u>1 057 689</u>
Less: share of net loss since acquisition	<u>(34 980)</u>
	<u><u>1 022 709 \$</u></u>

SOCIÉTÉ DE DÉVELOPPEMENT DES INDUSTRIES DE LA CULTURE ET DES COMMUNICATIONS

NOTES TO FINANCIAL STATEMENTS (cont'd) at March 31, 1983

SUMMARY FINANCIAL STATEMENTS OF LES PLACEMENTS R.D.P. INC. AT MARCH 31, 1983

BALANCE SHEET

	1983
Assets	
Current assets	418 872 \$
Fixed assets	1 716 197
	<u>2 135 069 \$</u>
Liabilities	
Current liabilities	249 203 \$
Long-term debt	1 147 858
	<u>1 397 061</u>
Shareholder equity	
Capital stock	18 370
Contributed surplus	1 046 319
Deficit	(328 681)
	<u>738 008</u>
	<u>2 135 069 \$</u>

5 - FIXED ASSETS

Office furniture
Equipment
Leasehold improvements
Works of art

	1983
STATEMENT OF DEFICIT	
Balance at October 31, 1982	(281 702) \$
Net loss for the 5 months ending	
March 31, 1983	(46 979)
Balance at March 31, 1983	<u>(328 681) \$</u>
STATEMENT OF OPERATING RESULTS for the five months ending	
March 31, 1983	
	1983
Rental revenue	80 674 \$
Expenditure	
Wages, salaries and fringe benefits	15 826
Maintenance and repairs	4 892
Taxes, insurance, energy	31 796
Advertising, sales charges and	
office supplies	8 176
Professional fees	11 199
Interest and bank charges	(4 097)
Interest on long-term debt	50 352
Depreciation on fixed assets	9 509
	<u>127 653</u>
Net loss for the period	<u>46 979 \$</u>

	1983		1982
	Cost	Accumulated Depreciation	Net
Office furniture	57 953 \$	12 388 \$	45 565 \$
Equipment	18 357	9 421	8 936
Leasehold improvements	39 490	9 770	29 720
Works of art	4 816		4 816
	<u>120 616 \$</u>	<u>31 579 \$</u>	<u>89 037 \$</u>
			<u>85 685 \$</u>

6 - COMMITMENTS AND PROVISION FOR GUARANTEES

The Société acted as surety for bank loans in the amount of \$ 329 000 at March 31, 1983 (\$ 293 000 at March 31, 1982): a provision of \$ 114 674 was established to cover guarantees.

	1983
Provision for guarantees	
Balance at the beginning	
Provision for the year	147 870 \$
	<u>147 870</u>
Covering of defaults	33 196
Balance at year-end	<u>114 674 \$</u>

The Société also guaranteed the payment of sums owed by Librairie Dussault Liée to various creditors for a total of \$ 333 000 at March 31, 1983; the Government has authorized the ministère des Affaires culturelles to pay this debt on behalf of Librairie Dussault Liée. There is no contingent liability with respect to this commitment.

7 - CAPITAL STOCK

Société shares are part of the public domain and are assigned to the Minister of Finance. Under an amendment to the Act founding the Société, given assent and entering into force April 8, 1982, authorized Société capital stock be raised from \$ 10 million to \$ 20 million for a total of 200 000 shares at \$ 100 par value. Under the Act, the Minister of Finance is authorized to pay the Société an amount of \$ 9 million from the Consolidated Revenue Fund for the balance of 90 000 shares not yet issued. During the year ended March 31, 1983, 25 000 shares were issued and paid, in return for \$ 2 500 000.

8 - CONTRIBUTED SURPLUS

The Government sold 9 property units located in Place Royale in Québec City to the Société on July 22, 1982 for \$ 1.

This transaction represents a contribution of \$ 607 689 from the Government, this being the value assigned to the real estate by Les Placements R.D.P. Inc. on the basis of municipal valuation in the case of the lots and insurers' valuation for the buildings.

9 - COMPARATIVE FIGURES

Certain data from the 1982 statement of operating results and deficit were reclassified for purposes of the 1983 presentation.

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

R.S.Q., c. S-11

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement immobilier du Québec at March 31, 1983 as well as the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 and the results of its operations for the year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 15, 1983.

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

R.S.Q., c. S-11

BALANCE SHEET

at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash		25 546 \$
Government of Canada subsidy receivable	1 000 000 \$ 1 000 000	24 000 000 24 025 546
INVESTMENT IN PLACE DESJARDINS INC. — at equity value (Note 2)		
Common shares — at cost	7 840 000	7 840 000
Share of deficit	(10 294 279)	(11 499 396)
Debentures — at cost	67 000 000	67 000 000
	64 545 721	63 340 604
CONSTRUCTION IN PROGRESS, PALAIS DES CONGRÈS DE MONTRÉAL — at cost (Note 3)	63 012 223 128 557 944 \$	32 245 989 119 612 139 \$
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	114 533 \$	
Bank loan	1 975 000	18 045 000 \$
Note payable — Caisse de dépôt et placement du Québec	27 000 000	
Accounts payable and accrued charges	4 834 486	8 138 331
	33 924 019	26 183 331
LONG-TERM DEBT (Note 4)	104 666 100	104 666 100
	138 590 119	130 849 431
DEFICIT	10 032 175	11 237 292
	128 557 944 \$	119 612 139 \$

SUBSEQUENT EVENT (Note 5)

ON BEHALF OF THE SOCIÉTÉ,

J.C. CAREAU
Pierre MICHAUD

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC
REVENUE AND EXPENDITURE
 for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Investment in Place Desjardins Inc. (Note 2)		
Share of net revenue for the twelve months ended March 31st.	1 205 117 \$	1 809 987 \$
Interest on debentures	1 005 000	1 005 000
	2 210 117	2 814 987
EXPENDITURE		
Interest on gouvernement du Québec advances	1 005 000	1 005 000
Other		464
	1 005 000	1 005 464
SURPLUS REVENUE OVER EXPENDITURE FOR THE YEAR	1 205 117	1 809 523
DEFICIT AT THE BEGINNING	11 237 292	13 046 815
DEFICIT AT YEAR-END	10 032 175 \$	11 237 292 \$

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Société, founded under the Act respecting the Société de développement immobilier du Québec, is authorized to take part in operating Place Desjardins, located in Montréal, and carry out the construction of a convention centre in that city.

2 - INVESTMENT IN PLACE DESJARDINS INC.

The Société records the investment in Place Desjardins Inc. at equity value. At March 31, 1983 and 1982, the Société held 78 400 no-par-value common shares of Place Desjardins Inc. stock, representing 49% of that company's issued and paid-up shares.

The tax benefit derived from the deferral of deductible losses is not shown on Place Desjardins Inc. books. Applied to reduce revenue through December 31, 1983 in figuring taxable income and, hence the amount of tax, these losses come to \$9 591 980.

The Société share of the Place Desjardins Inc. deficit at March 31, 1983 details as follows:

Share of the deficit		
at March 31, 1982	11 499 396 \$	
Share of net revenue for the year:		
Nine months ended		
December 31, 1982		
(audited financial statements)	856 781 \$	
Three months ended March 31,		
1983		
(unaudited financial statements)	348 336	1 205 117
Share of deficit		
at March 31, 1983	10 294 279 \$	

Series "A", 1976 debentures with a face value of \$67 000 000 are subordinate debt at a fixed and increasing interest rate, at additional interest beginning January 1, 1986, becoming sinking-fund debentures whose maturity dates may be deferred as of January 1, 1986 by the Société from December 31, 1985 to December 31, 1995 or 2005. The fixed, rising interest rate is 1 ½% annually through March 31, 1983, 3% through December 31, 1985, 4% through December 31, 1990, 5% through December 31, 1995 and 10% through December 31, 2005.

Summary financial statements of Place Desjardins Inc. for the fiscal year ended December 31:

Balance sheet
as at December 31

	1982	1981
Assets		
Current assets	27 249 964 \$	23 612 481 \$
Fixed assets	193 761 484	194 585 391
Other	1 052 377	1 354 847
	<u>222 063 825 \$</u>	<u>219 552 719 \$</u>
Liabilities		
Current liabilities	9 626 152 \$	10 651 070 \$
Long-term debt	192 000 000	192 000 000
Deferred income tax	26 157 298	24 942 979
	<u>227 783 450</u>	<u>227 594 049</u>
Shareholder equity		
Capital stock	16 000 000	16 000 000
Deficit	(21 719 625)	(24 041 330)
	<u>(5 719 625)</u>	<u>(8 041 330)</u>
	<u>222 063 825 \$</u>	<u>219 552 719 \$</u>

Deficit for the fiscal year
ended December 31

	1982	1981
Deficit at the beginning	24 041 330 \$	27 467 196 \$
Net profit	2 321 705	3 425 866
Deficit at year-end	<u>21 719 625 \$</u>	<u>24 041 330 \$</u>

Statement of operating results for the
fiscal year ended December 31

	1982	1981
Revenue		
Real estate transactions	34 611 159 \$	30 383 109
Hotel operations	12 658 372	15 567 752
Interest	3 143 936	2 552 577
	<u>50 413 467</u>	<u>48 503 438</u>
Expenditure		
Operating expenses		
Real estate transactions	7 256 689	6 044 902
Hotel operations	7 743 971	9 028 580
Taxes	11 421 898	9 154 088
General and administrative expenses	6 616 842	6 377 055
Interest on long-term debt	11 934 366	13 873 963
Other financial charges	397 938	337 595
Depreciation on fixed assets	1 505 739	1 402 189
	<u>46 877 443</u>	<u>46 218 372</u>
Extraordinary revenue item		1 140 800
	<u>46 877 443</u>	<u>45 077 572</u>
Earnings before income tax and extraordinary item	3 536 024	3 425 866
Income tax:		
payable	5 403 021	8 375 504
deferred	1 214 319	
	<u>6 617 340</u>	<u>8 375 504</u>
Loss before extraordinary item	(3 081 316)	(4 949 638)
Income tax reduction following loss deferral from prior years	5 403 021	8 375 504
Net profit	<u>2 321 705 \$</u>	<u>3 425 866 \$</u>

SOCIÉTÉ DE DÉVELOPPEMENT IMMOBILIER DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd) as at March 31 1983

3 - CONSTRUCTION IN PROGRESS ON THE PALAIS DES CONGRÈS DE MONTRÉAL

The Société was given the mandate of carrying out the construction of a convention centre in Montréal, the responsibility of the ministère des Travaux publics et de l'Approvisionnement du Québec prior to February 13, 1981.

Construction of the Palais des congrès de Montréal is recorded at cost. This includes land, materials, direct labour, subcontracting, architects' and engineers' fees, accrued interest on loans to finance construction less Government of Canada subsidies as participant in this financing. After deducting Government of Canada participation, the cost of the Palais des congrès is estimated to be \$75 million, including interest charges and a provision for contingencies and the inflationary push of construction costs. The convention centre is scheduled for completion by the end of 1983.

The gouvernement du Québec authorized the Société to contract interim borrowings from financial institutions for up to \$50 million.

Palais des congrès de Montréal construction costs detail as follows:

	1983	1982
Land, materials, direct labour, subcontracts, architects' and engineers' fees	75 044 487 \$	50 598 796 \$
Interest on bonds and bank borrowings	11 967 736	5 647 193
	87 012 223	56 245 989
Government of Canada participation	24 000 000	24 000 000
	<u>63 012 223 \$</u>	<u>32 245 989 \$</u>

4 - LONG-TERM DEBT

	1983	1982
Gouvernement du Québec advances:		
Advances under the same terms as those of the Place Desjardins Inc. debentures (see (Note 2 above).	67 000 000 \$	67 000 000 \$
Interest-free advances with no set terms of payment	7 666 100	7 666 100
	<u>74 666 100</u>	<u>74 666 100</u>
Series "A" bonds, guaranteed by the gouvernement du Québec, at a variable interest rate (11.5% at March 31, 1983), maturing December 8, 1991, redeemable prior to maturity	30 000 000	30 000 000
	<u>104 666 100 \$</u>	<u>104 666 100 \$</u>

5 - SUBSEQUENT EVENT

On June 22, 1983, the Minister of Public Works and Supply tabled Bill 18, Act respecting the Société immobilière du Québec, in the National Assembly.

The Bill, at first reading, calls for creation of the Société immobilière du Québec which will assume the rights and obligations of the ministère des Travaux publics et de l'Approvisionnement and the Société de développement immobilier du Québec.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

R.S.Q., c. S-11.01

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement industriel du Québec at March 31, 1983, as well as the statement of revenue and expenditure, that of the reserve fund, that of change in financial position and the statement of the provision for losses on loans and capital investment in enterprises for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983, as well as the results of its operations and change in financial position for the fiscal year then ended according to the accounting principles in Note 2 applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, September 1, 1983.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

R.S.Q., c. S-11.01

BALANCE SHEET
 as at March 31, 1983

	1983	1982
ASSETS		
Cash and term deposits	12 301 792 \$	9 590 368 \$
Contributions receivable from the Government	2 497 596	3 398 062
Interest, accrued and due	3 904 969	2 022 072
Loans	18 704 357	15 010 502
Participation in the capital stock of enterprises	78 527 686	88 832 486
Guaranteed receivable (Note 3)	8 556 512	10 276 261
Bond issue charges — unamortized cost	10 650 000	10 650 000
	109 307	148 239
	<u>116 547 862 \$</u>	<u>124 917 488 \$</u>
LIABILITIES		
Claims for various forms of financial assistance	4 594 892 \$	1 775 897 \$
Interest accrued and due on long-term debt	957 768	1 494 093
Accounts payable and accrued charges	252 337	236 719
Long-term debt (Note 4)	5 804 997	3 506 709
	66 600 000	74 000 000
	<u>72 404 997</u>	<u>77 506 709</u>
EQUITY		
Endowment from the Government (Note 5)	32 944 115	32 944 115
Government gift of a share in the capital stock of a firm	445 000	445 000
Reserve fund	10 753 750	14 021 664
	44 142 865	47 410 779
	<u>116 547 862 \$</u>	<u>124 917 488 \$</u>

COMMITMENTS AND CONTINGENT LIABILITIES (Note 9)

ON BEHALF OF THE BOARD OF DIRECTORS,

 François LEBRUN
 Serge SAUCIER

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC**RESERVE FUND**

for the fiscal year ended March 31, 1983

	<u>1983</u>	<u>1982</u>
Balance at the beginning	14 021 664 \$	18 270 496 \$
Net loss	<u>3 267 914</u>	<u>4 248 832</u>
Balance at year-end	<u><u>10 753 750 \$</u></u>	<u><u>14 021 664 \$</u></u>

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC
REVENUE AND EXPENDITURE
 for the fiscal year ended March 31, 1983

	1983	1982 (Note 10)
REVENUE		
Interest from borrowers	11 532 151 \$	12 414 183 \$
Interest on bank deposits	1 891 289	1 635 108
Participation in the capital stock of enterprises:		
Capital gains upon disposal	355 533	1 984 049
Dividends		156 349
Guarantee fees	212 124	95 237
Other	4 306	13 728
	<u>13 995 403</u>	<u>16 298 654</u>
Government contribution (Note 6)	58 799 487	55 423 290
	<u>72 794 890</u>	<u>71 721 944</u>
EXPENDITURE		
Wages, salaries and other remuneration	4 919 528	4 418 215
Other administrative expenses	642 898	681 656
Share in the cost		
of firms' borrowings	48 430 336	44 877 206
Loan guarantees (Note 7)	1 884 438	70 231
Interest on long-term debt (Note 8)	10 374 942	13 682 437
Provision for losses on loans and participation		
in the capital stock of enterprises	9 757 315	11 981 031
Loan loss — application of the Act		
respecting assistance for tourist development	53 347	
Debt forgiveness to firms		260 000
	<u>76 062 804</u>	<u>75 970 776</u>
NET LOSS	<u>3 267 914 \$</u>	<u>4 248 832 \$</u>

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

SOURCE OF FUNDS	1983	1982
Net loss	(3 267 914) \$	(4 248 832) \$
Provision for losses on loans and participation in the capital stock of enterprises	9 757 315	11 981 031
Amortization of bond issue charges	38 932	27 060
Funds from operations	6 528 333	7 759 259
Loan reimbursement:		
Borrowers	13 034 006	17 357 249
Debt forgiveness		260 000
Proceeds from the disposal of loan collateral following default	2 460 542	2 256 329
Disposal of firms' capital stock	1	871 002
Loans converted to capital stock	6 485	660 000
Recovery on loan write-offs	7 555	1 000
Long-term debt		24 000 000
Firms' capital stock converted to guaranteed receivable		10 650 000
	22 036 922	63 814 839
APPLICATION OF FUNDS		
Disbursements on loans granted	10 617 548	12 967 189
Participation in the capital stock of enterprises	329 992	4 765 100
Long-term debt	7 400 000	23 800 000
Interest on loan defaults and guarantee charges on these	2 287 330	2 322 018
Firms' capital stock acquired through conversion of loans and accrued interest	6 485	1 457 428
Guaranteed receivable following conversion of capital stock		10 650 000
Bond issue charges		85 299
	20 641 355	56 047 034
INCREASE IN WORKING CAPITAL	1 395 567	7 767 805
WORKING CAPITAL AT THE BEGINNING	11 503 793	3 735 988
WORKING CAPITAL AT YEAR-END	12 899 360 \$	11 503 793 \$

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

PROVISION FOR LOSSES ON LOANS AND CAPITAL INVESTMENT IN ENTERPRISES
for the fiscal year ended March 31, 1983

	1983	1982
Balance at the beginning	25 290 475 \$	16 430 792 \$
Written off during the year:		
Loans	1 330 470	2 456 336
Firms' capital stock	7 105 325	666 012
	8 435 795	3 122 348
	16 854 680	13 308 444
Recovery on loan write-offs	7 555	1 000
	16 862 235	13 309 444
Provision for the year:		
Loans	7 721 090	4 843 609
Firms' capital stock	2 036 225	7 137 422
	9 757 315	11 981 031
Balance at year-end	26 619 550 \$	25 290 475 \$
The provision for losses is subtracted from the following items on the balance sheet:		
Loans*	24 113 688 \$	17 735 513 \$
Participation in the capital stock of enterprises	2 505 862	7 554 962
	26 619 550 \$	25 290 475 \$

* Loans on which the Société may exercise its guarantee amount to \$ 21 821 938 at March 31, 1983 (\$ 18 740 909 at March 31, 1982) and the related provision for losses is \$ 17 360 111 (March 31, 1982: \$ 11 026 063).

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

A Corporation within the meaning of the Civil Code and its constituent act, the Société de développement industriel du Québec (S.D.I.) is charged with the responsibility of administering financial assistance programs aimed at speeding Québec's economic development, especially by promoting the growth of firms relying on dynamic technological developments, exports as well as research and industrial innovation, all the while ensuring that aid granted proves of benefit to Québec, particularly in the area of job creation.

The S.D.I. is a non-profit entity given the mandate by the Government of administering the financial aid programs to stimulate the economic and industrial development of the province.

2 - ACCOUNTING POLICIES

The financial statements of the Société make use of the accrual method of accounting and the particular accounting practices below.

- Participation in the capital stock of enterprises

Financial assistance taking the form of share acquisitions by the Société is shown under the item "Participation in the capital stock of enterprises" on the balance sheet. To the extent the S.D.I. estimates it will be unable to recover aid granted under this form, the anticipated loss is charged to expenditure through the provision for losses on loans and capital investment in enterprises.

- Provision for losses on loans and capital investment in enterprises
The provision for loan losses is established on the basis of an evaluation of each account presenting collection problems and an estimated rate of contingent losses for the others. With respect to capital investment in enterprises, the provision is determined following an evaluation of each account.

There is no provision on S.D.I. books for losses resulting from the conferral of financial aid programs to the Société under the terms of other legislation where these are assumed by the Government.

- Assuming part of the cost of firms' borrowings

Expenses involved in assuming part of the cost of borrowings by enterprises which at March 31st have filed their claims and met all conditions the Société sets are charged to operations and the corresponding contribution is deemed receivable from the Government.

- Bond issue charges

The cost of issuing bonds is amortized according to the straight-line method over the entire period of the debt.

- Administrative expenses assumed by the Government

Administrative expenses of the Société that the Government assumes are paid out of appropriations voted for this purpose by the National Assembly.

The cost of fringe benefits to Société employees and support services such as telephone, office space, etc., paid from appropriations of the various departments concerned, are not shown on the statement of revenue and expenditure.

3 - GUARANTEED RECEIVABLE

This guaranteed receivable is the result of agreements reached July 21, 1981 with the main shareholder of an industrial firm in which the S.D.I. had a 40% interest.

Notwithstanding clauses stipulating that S.D.I. participation in the capital stock of this enterprise took the form of an amount of \$3 600 000, compounded annually at the banks' daily prime rate in effect as of July 30, 1981 which would yield a total of \$10 650 000 upon maturity, the Société estimates that it will be able to recover the initial aid granted to that firm without sustaining a loss, nor experiencing a gain. This debt of \$10 650 000, guaranteed by a chartered bank and recorded on the books at its maturity value, will be converted into cash between 1987 and 1989, depending on the rate at which interest accumulates.

At March 31, 1983, the current value of this item receivable is \$4 633 918, including \$1 033 918 in accrued interest.

4 - LONG-TERM DEBT

	1983	1982
Series "A" bonds maturing March 24, 1991, bearing an annual floating interest rate equal to $\frac{3}{4}$ of 1% below the average prime rate of three chartered banks, payable semi-annually on March 24th and September 24th (a)	45 000 000 \$	50 000 000 \$
Series "B" bonds, maturing December 1, 1986 and bearing an annual floating interest rate equal to $\frac{1}{4}$ of 1% below the average prime rate of three chartered banks, payable semi-annually on June first and December first (b)	21 600 000 <u>66 600 000 \$</u>	24 000 000 <u>74 000 000 \$</u>

(a) The Société has the option of redeeming all bonds of this issue at their face value on any date of interest payment, upon at least thirty days' prior notice, for an overall redemption of \$5 million or any multiple of that amount.

(b) The Société has the option of redeeming all bonds of this issue at their face value on any date of interest payment, upon at least thirty days' prior notice, for an overall redemption of \$2.4 million or any multiple of that amount.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

5 - ENDOWMENT FROM THE GOVERNMENT

The Minister of Finance is authorized to pay an amount of one hundred million dollars from the Consolidated Revenue Fund to the Société as an endowment. \$32 944 115 has been paid to March 31, 1983.

6 - CONTRIBUTION FROM THE GOVERNMENT

	1983	1982
Financial assistance:		
Assuming part of the cost of firms' borrowings		
Reimbursement under loan guarantees	48 430 336 \$	44 877 206 \$
Application of the Act respecting assistance for tourist development	1 826 725	12 694
Compensation to lenders for below-market rates	487 855	
Debt forgiveness	204 965	352 816
	<u>50 949 881</u>	<u>45 502 716</u>
Administrative expenses:		
Wages, salaries and other remuneration	4 919 528	4 418 215
Other	637 548	606 408
	<u>5 557 076</u>	<u>5 024 623</u>
Interest on long-term debt	2 292 530	4 895 951
	<u>58 799 487 \$</u>	<u>55 423 290 \$</u>

7 - LOAN GUARANTEES

The item includes \$1 826 725 for 1983 in expenditure for payment of loans that were guaranteed within the framework of emergency assistance to small and medium-sized firms; such expenses are fully reimbursed by the Government (see Note 6).

8 - INTEREST ON LONG-TERM DEBT

	1983	1982
Bond interest	10 336 010 \$	10 651 105 \$
Amortization of bond issue charges	38 932	27 060
Interest on notes payable		3 004 272
	<u>10 374 942 \$</u>	<u>13 682 437 \$</u>

9 - COMMITMENTS AND CONTINGENT LIABILITIES

- Amounts authorized yet undisbursed at March 31, 1983 for loans come to \$12 683 383 (\$7 389 233 at March 31, 1982) and for capital investment in enterprises, to \$3 503 617 (\$520 710 at March 31, 1982).

- Under terms set by the Société, debt forgiveness is estimated to come to approximately \$1 183 500 at March 31, 1983 (\$1 776 900 at March 31, 1982). Loans so forgiven will be reimbursed from appropriations the National Assembly votes for this purpose.

- Commitments to assume part of the cost of firms' borrowings are made under certain conditions. The Government will reimburse the Société for payments made to honour these from appropriations voted for this purpose by the National Assembly. Related commitments over the coming years detail as follows:

Fiscal year	
1984	89 369 610 \$
1985	79 495 681
1986	57 923 588
1987	27 243 588
1988 and thereafter	25 228 304
	<u>279 260 771 \$</u>

- The Société has guaranteed firms' borrowings in the amount of \$10 732 063 at March 31, 1983 (\$11 130 924 at March 31, 1982).

- Loans guaranteed under legislation other than the Société's constitutive Act for which the Government assumes any losses amount to \$6 406 016 (\$5 019 100 at March 31, 1982).

- Under the program of emergency assistance to small and medium-sized business, the Société guarantees the lending institution the repayment of up to 2/3 the capital balance of a loan and 1/5 of the interest and other charges. At March 31, 1983, guarantees on capital amounted to \$39 930 723. Contingent losses will be assumed by the Government.

10 - COMPARATIVE FIGURES

Certain data from the 1982 statement of revenue and expenditure have been reclassified for purposes of comparison with the 1983 presentation.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

R.S.Q., c. S-12.1

AUDITOR'S REPORT

I have examined the balance sheet of the Société de la Place des Arts de Montréal at September 1, 1982, as well as the statement of revenue and expenditure for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at September 1, 1982 as well as the results of its operations for the fiscal year then ended according to the accounting policies described in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, November 19, 1982.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

R.S.Q., c. S-12.1

BALANCE SHEET

as at September 1, 1982

	1982	1981 (Note 9)
ASSETS		
OPERATING FUND		
Cash	106 923 \$	
Accounts receivable	240 843	311 739 \$
Subsidy receivable (Note 3)	2 915 585	2 368 514
Due from the Fixed Assets Fund	570 410	81 041
Inventories and prepaid expenses	114 222	108 109
	<u>3 947 983 \$</u>	<u>2 869 403 \$</u>
FIXED ASSETS FUND		
Cash	820 \$	
Subsidy receivable (Note 3)	569 590	
	570 410	
Land (Note 4)	6 948 642	6 948 642 \$
Buildings, equipment, furnishings and works of art	41 865 959	41 865 359
	<u>49 385 011 \$</u>	<u>48 814 601 \$</u>
LIABILITIES		
OPERATING FUND		
Bank indebtedness	500 000 \$	500 000 \$
Demand note — Opéra de Montréal (1980) Inc.	1 300 000	
Outstanding cheques less cash on hand		176 029
Accounts payable and accrued charges	1 082 768	1 075 852
Ticket outlets — rental and sales	975 450	952 724
Provision for special projects	89 765	164 798
	<u>3 947 983 \$</u>	<u>2 869 403 \$</u>
FIXED ASSETS FUND		
Bank overdraft		266 \$
Owed to Operating Fund	570 410 \$	81 041
Long-term debt (Note 4)	39 021 000	40 262 000
	39 591 410	40 343 307
Fund balance (Note 5)	9 793 601	8 471 294
	<u>49 385 011 \$</u>	<u>48 814 601 \$</u>

ON BEHALF OF THE SOCIÉTÉ,

Alan B. GOLD, member

Robert VINET, member

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

OPERATING FUND

REVENUE AND EXPENDITURE

for the fiscal year ended September 1, 1982

	1982	1981
REVENUE		
Rent	2 030 315 \$	1 867 624 \$
Ticket sales	410 933	
Ancillary services	1 919 520	1 924 418
Cultural animation	230 036	203 782
Other	432 274	405 355
	<u>5 023 078</u>	<u>4 401 179</u>
EXPENDITURE		
Administrative services	3 215 913	3 071 885
Support services	3 397 234	3 164 725
Ancillary services	1 311 430	1 173 408
Cultural animation	494 934	427 904
Other	321 623	361 404
	<u>8 741 134</u>	<u>8 199 326</u>
SURPLUS EXPENDITURE OVER REVENUE BEFORE MAJOR REPAIRS, MUNICIPAL TAXES AND DEBT SERVICING	3 718 056	3 798 147
Major repairs (Note 6)	675 361	
Municipal taxes (Note 7)		5 745 982
Debt servicing	4 414 493	3 028 302
SURPLUS EXPENDITURE OVER REVENUE FOR THE YEAR CHARGED AGAINST SUBSIDY RECEIVABLE (Note 3)	<u>8 807 910 \$</u>	<u>12 572 431 \$</u>

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Under its founding Act, the Société de la Place des Arts de Montréal replaces the Régie de la Place des Arts, assuming its powers and obligations as well as its rights. The Société is responsible for administering Place des Arts in Montréal and authorized to provide entertainment.

2 - ACCOUNTING POLICIES

The financial statements of the Régie were prepared by management within the bounds of accounting practice summarized as follows:

Fixed assets

The Place des Arts building complex houses three auditoriums and a theatre workshop.

Land:

The Place des Arts site is recorded at cost.

Buildings, equipment, furnishings and works of art:

The amount entered on the books for buildings, equipment, furnishings and works of art includes the construction cost of buildings and the acquisition cost of original furnishing items for those buildings as well as interim financing charges during construction.

No depreciation is charged on buildings, equipment, furnishings and works of art that have been capitalized.

Furnishings and equipment

The acquisition of furnishings and equipment is posted to Operating Fund expenditure.

Interest on long-term debt

Service charges on long-term debt are entered on a cash basis.

Inventories

Inventories (boutique and bars) are recorded at cost.

Special projects

Expenditure on special projects covered by particular subsidies is recorded when the Société and the Government authorizes the funds, rather than at the time costs are incurred; these are charged against a provision created for that purpose when incurred.

Ticket sales

Revenue from the sale of tickets is recorded on a cash basis.

3 - SUBSIDY RECEIVABLE *

	1982	1981
Balance at the beginning	2 368 514 \$	7 113 433 \$
Surplus expenditure over revenue for the year	8 807 910	12 572 431
Payments	11 176 424	19 685 864
Balance at year-end	3 485 175 \$	2 368 514 \$
Detailing as follows:		
Operating Fund	2 915 585 \$	2 368 514
Fixed Assets Fund **	569 590	
	3 485 175 \$	2 368 514 \$

* Under the provisions of the Act governing the Société, the Government assumes all surplus expenditure over revenue.

** Following the refinancing of long-term debt to which Note 8 refers, that part of the subsidy receivable which will not be paid by the Government is to be charged against the Fixed Assets Fund balance.

4 - LONG-TERM DEBT

	1982	1981
Bonds		
Issued April 15, 1965 - \$20 million of sinking fund bonds at 5¼%, maturing April 15, 2005	14 977 000 \$	15 517 000 \$
Issued June 1, 1966 - \$13 million of bonds, in series at 6% and 6¼%, maturing between 1967 and 1991, 6¼% sinking fund bonds as of June 1, 1992, maturing June 1, 2006	2 452 000	2 653 000
	8 392 000	8 392 000
	10 844 000	11 045 000
Issued November 6, 1980 - \$13 700 000 of bonds in series at 12½% and 13%, maturing between 1981 and 1990	9 200 000	9 700 000
13½% sinking fund bonds as of November 6, 1986, maturing November 6, 2000	4 000 000	4 000 000
	13 200 000	13 700 000
	39 021 000 \$	40 262 000 \$

Considering the amount of long-term indebtedness at the present time, the size of capital payments to be made over the next five years under the terms of debt redemption details as follows:

1982 - 1983	1 069 000 \$
1983 - 1984	1 102 000
1984 - 1985	1 138 000
1985 - 1986	5 375 000
1986 - 1987	714 000

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

NOTES TO FINANCIAL STATEMENTS (cont')

5 - FIXED ASSETS FUND BALANCE

	1982	1981
Balance at the beginning	8 471 294 \$	8 674 074 \$
Bond redemption assumed by the Operating Fund Special subsidy from the Government for capital spending	1 241 000	705 000
Interim financing charges from the time construction is completed until bonds are issued	81 307	
	<u>9 793 601</u>	<u>9 379 074</u>
Bond discount and issue charges		317 546
		<u>907 780</u>
Balance at year-end	<u>9 793 601 \$</u>	<u>8 471 294 \$</u>

6 - MAJOR REPAIRS

A study by consulting engineers has brought to light the steady deterioration of Place des Arts buildings and furnishings. Because of the extent of repairs required, estimated to cost \$1.2 million, the work is scheduled over a period of three years to allow for operating the facilities.

7 - MUNICIPAL TAXES

Under the Act respecting municipal taxation, buildings belonging to the Place des Arts are exempt from all school and municipal property taxes. This provision applies as of fiscal 1982.

8 - SUBSEQUENT EVENT

The Société refinanced part of its long-term debt by issuing bonds for a total of \$1 140 000 on November 11, 1982.

9 - COMPARATIVE FIGURES

Certain data from the 1981 balance sheet were reclassified for purposes of the 1982 presentation.

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT
FORÊSTIERS DU QUÉBEC – REXFOR**

R.S.Q., c. S-12

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société de récupération, d'exploitation et de développement forestiers – REXFOR, at March 31, 1983 as well as the consolidated statement of operating results, retained earnings and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing principles and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as its operating results and the change in its financial position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 23, 1983.

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT
FORESTIERS DU QUÉBEC - REXFOR**

R.S.Q., c. S-12

CONSOLIDATED BALANCE SHEET
as at March 31, 1983

	<u>1983</u>	<u>1982</u> (Note 16)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	13 561 328 \$	20 077 184 \$
Accounts receivable and accrued interest	7 421 954	6 555 494
Subsidies receivable	279 097	345 000
Inventories (Note 4)	14 096 296	20 422 199
Prepaid expenses	578 457	964 492
Investments (Note 5)	<u>1 061 000</u>	<u>3 606 512</u>
	36 998 132	51 970 881
 INVESTMENTS (Note 5)	 34 502 557	 24 289 991
INVESTMENT - AGREEMENT WITH LES INDUSTRIES I.T.T. DU CANADA LTÉE (Note 6)		18 561 586
FIXED ASSETS (Note 7)	31 469 560	31 554 623
OTHER ASSETS (Note 8)	<u>3 706 422</u>	<u>2 883 019</u>
	<u>106 676 671 \$</u>	<u>129 260 100 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

 Michel DUCHESNEAU
Jean-Louis VERRETTE

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT
FORESTIERS DU QUÉBEC - REXFOR**

R.S.Q., c. S-12

**CONSOLIDATED BALANCE SHEET
as at March 31, 1983**

	1983	1982
LIABILITIES		
CURRENT LIABILITIES		
Bank advances (Note 9)	8 127 641 \$	14 162 599 \$
Accounts payable and accrued charges	7 465 839	5 448 074
Deferred revenue	56 722	153 772
Instalments on long-term debt (Note 10)	1 193 122	850 587
	<u>16 843 324</u>	<u>20 615 032</u>
LONG-TERM DEBT		
(Note 10)	16 826 284	30 718 725
	<u>33 669 608</u>	<u>51 333 757</u>
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 11)		
Authorized, issued and paid-up:		
587 500 shares at \$ 100 par value	58 750 000	58 750 000
CONTRIBUTED SURPLUS	4 926 567	4 926 567
RETAINED EARNINGS	7 985 624	12 836 353
APPRAISED WORTH OF A SUBSIDIARY'S FIXED ASSETS OVER NET COST, DEPRECIATED	1 344 872	1 413 423
	<u>73 007 063</u>	<u>77 926 343</u>
	<u>106 676 671 \$</u>	<u>129 260 100 \$</u>
COMMITMENTS AND CONTINGENT LIABILITIES (Note 15)		

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS
DU QUÉBEC - REXFOR**
CONSOLIDATED STATEMENT OF OPERATING RESULTS
for the fiscal year ended March 31, 1983

	1983	1982 (Note 16)
REVENUE FROM OPERATIONS	50 230 314 \$	54 892 276 \$
OPERATING COST	48 705 486	55 551 701
GROSS PROFIT (LOSS)	1 524 828	(659 425)
GENERAL AND ADMINISTRATIVE EXPENSES		
Sales and administration	9 534 852	8 875 791
Financial charges (Note 12)	3 084 827	2 286 337
	12 619 679	11 162 128
OPERATING LOSS	11 094 851	11 821 553
OTHER REVENUE		
Investment earnings (Note 13)	5 633 095	7 193 849
Sundry revenue	542 476	1 857 843
	6 175 571	9 051 692
NET LOSS	4 919 280 \$	2 769 861 \$

CONSOLIDATED RETAINED EARNINGS
for the fiscal year ended March 31, 1983

	1983	1982
BALANCE AT THE BEGINNING	12 836 353 \$	15 606 214 \$
Transfer of part of the appraised worth of fixed assets over their net cost, corresponding to depreciation for the year	68 551	
	12 904 904	15 606 214
NET LOSS	4 919 280	2 769 861
RETAINED EARNINGS AT YEAR-END	7 985 624 \$	12 836 353 \$

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT
FORESTIERS DU QUÉBEC - REXFOR**

**CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983**

	1983	1982 (Note 16)
SOURCE OF FUNDS		
Funds from operations (Note 14)		34 679 \$
Long-term debt:		
Gouvernement du Québec advances	1 000 000 \$	300 000
Other	3 129 656	8 897 726
Investment earnings — agreement with Les Industries ITT du Canada Ltée (Note 6)	7 210 000	
Investment earnings	796 285	1 851 662
Surplus revenue from share in associated enterprises	572 715	164 129
Subsidies for the acquisition of fixed assets	279 097	176 570
Proceeds upon disposal of fixed assets	68 693	193 463
Other assets	117 938	549 589
	<u>13 174 384</u>	<u>12 167 818</u>
APPLICATION OF FUNDS		
Funds used for operations (Note 14)	4 057 377	
Investment acquisitions	9 757 128	3 827 269
Long-term debt:		
Gouvernement du Québec advances (Note 6)	5 320 000	
Other	1 350 511	1 985 805
Acquisition of fixed assets	2 330 931	7 577 419
Other assets	1 559 478	2 518 777
	<u>24 375 425</u>	<u>15 909 270</u>
DECREASE IN WORKING CAPITAL	<u>11 201 041</u>	<u>3 741 452</u>
WORKING CAPITAL AT THE BEGINNING	<u>31 355 849</u>	<u>35 097 301</u>
WORKING CAPITAL AT YEAR-END	<u><u>20 154 808 \$</u></u>	<u><u>31 355 849 \$</u></u>

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC - REXFOR

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Société de récupération, d'exploitation et de développement forestiers du Québec - REXFOR, incorporated under its constituent Act (R.S.Q., c. S-12) has been charged with:

- forestry and salvage operations in areas of the public domain that the Government allots to it and seeing to the research work required in connection with this;
- forestry conservation and protection on land designated to its use by the Government;
- promoting the development of the forest industry and job creation in that sector.

2 - MAJOR ACCOUNTING PRINCIPLES

The consolidated financial statements of the Société were prepared on the basis of generally recognized accounting principles, within the bounds of accounting practice summarized as follows:

Consolidation

The consolidated financial statements include the accounts of REXFOR and its wholly-owned subsidiaries, as well as its share of the assets, liabilities, revenue and expenditure of joint ventures

Wholly-owned subsidiaries:

Scierie Béarn Inc.
Proforêt Inc.
Les Produits forestiers Bellerive-Ka'N'Enda Inc.
Enerbois Inc.
Gestion 1195 Inc.

Joint ventures:

Scieries des Outardes Enr.
Lignarex Inc.

Subsidiaries are recorded at their acquisition cost.

Inventories

Lumber, supplies and fuel shown as prepaid expenses are recorded according to the FIFO method at the lesser of cost and replacement or net realization value.

Investments

REXFOR records its investments at equity value where it owns between 20% and 50% of voting shares in the issuing company and can exercise some influence on financial and administrative decisions. Investment in a partnership is also recorded at equity value.

Others are recorded at cost price less depreciation. The provision for contingent losses on loans and advances is established on a case-by-case basis.

Fixed assets

Fixed assets are recorded at cost of acquisition, except for those of a subsidiary which were appraised on March 29, 1982. The cost of fixed assets REXFOR has built for its own use includes materials, direct labour as well as a share of general expenses and financial charges during construction. Subsidies toward the acquisition of fixed assets are deducted in determining cost.

Depreciation is charged according to the straight-line method over the estimated service life of an asset at the following annual rates:

	Rate
Land development	2 1/4% to 10%
* Logging roads	10% to 33 1/3%
Buildings and camps	2 1/4% to 33 1/3%
Equipment and machinery	6 2/3% to 20%
Rolling-stock	10% to 33 1/3%

* Certain subsidiaries charge depreciation on logging roads according to the volume of wood cut during the year in relation to the total amount to be cut.

The difference in appraised value is transferred to retained earnings and depreciation is charged accordingly.

Other assets

Start-up costs are amortized at the rate of 20% on a straight-line basis. The cost of preliminary studies for various projects is deferred, to be later charged to operations or capitalized, depending on their results.

Foreign currency

Asset and liability items in foreign currency are translated into Canadian dollars at the rate in effect on the date of the balance sheet. Gains and losses on currency conversion are charged to operations for the year.

3 - EQUITY IN JOINT VENTURES

At March 31, 1983, REXFOR's share in the joint ventures Scieries des Outardes Enr. and Lignarex Inc., recorded according to the equity method, details as follows:

	1983	1982
Assets	12 750 117 \$	15 336 445 \$
Liabilities	7 089 410	7 664 245
Revenue	4 787 938	17 394 353
Expenditure	7 472 333	21 574 509

4 - INVENTORIES

	1983	1982
Wood chips	6 513 921 \$	11 502 256 \$
Lumber	4 235 959	6 541 756
Other	2 020 241	1 282 756
Supplies and fuel	1 326 175	1 095 431
	<u>14 096 296 \$</u>	<u>20 422 199 \$</u>

5 - INVESTMENTS

	1983	1982
Limited partnership	4 432 298 \$	4 244 733 \$
Common shares	2 679 158	2 192 528
Preferred shares	1 626 771	1 589 271
Mortgage loans	561 420	641 874
Bonds	8 522 500	4 126 400
Loans and advances*:		
bearing interest	16 611 586	14 977 223
interest-free	1 300 000	300 000
Other	39 586	
	<u>35 773 319</u>	<u>28 072 029</u>
Less: Instalments		
receivable within a year	1 061 000	3 606 512
	<u>34 712 319</u>	<u>24 465 517</u>
Less: Provision for contingent		
losses on loans and advances	209 762	175 526
	<u>34 502 557 \$</u>	<u>24 289 991 \$</u>

* Government guarantees on these loans and advances amount to \$ 4.3 million (\$ 4.5 million at March 31, 1982).

6 - INVESTMENT - AGREEMENT WITH LES INDUSTRIES I.T.T. DU CANADA LTÉE

Under the terms of an agreement on December 20, 1982 with Les Industries I.T.T. du Canada Ltée (Rayonier) putting an end to the August 17, 1971 agreement, REXFOR accepted payment of \$ 7 210 000. The Government has authorized REXFOR to consider payment of the amount as a final settlement of commitments undertaken by Rayonier Québec Inc.

With respect to advances of \$ 19 million from the Government (Note 10), REXFOR has been authorized:

- To pay the Government a sum of \$ 5 320 000 representing rent that Rayonier owed to REXFOR for the period August 17, 1971 through December 31, 1978;
- to reimburse the balance of the advance in the amount of \$ 13 680 000 according to the original terms, between 1997 and 2000. For settlement purposes, REXFOR has established the balance owed to the Government to be \$ 2 328 414 at December 20, 1982 in current terms, bearing interest at 11.5%. This includes the unpaid balance owed of \$ 1 890 000 on the settlement of \$ 7 210 000 with I.T.T., plus the proceeds from sales of equipment acquired under the agreement from 1976 through 1980 in the amount of \$ 438 414, retained by REXFOR for use of its operations.

Overall, the final settlement entailed neither gain nor loss for REXFOR.

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS
DU QUÉBEC - REXFOR**
**NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983**
7 - FIXED ASSETS

	1983		1982	
	Cost	Accumulated Depreciation	Net Value	Net Value
Land and development	1 427 385 \$	63 383 \$	1 364 002 \$	1 358 918 \$
Logging roads	2 265 882	594 907	1 670 975	1 680 141
Buildings, machinery and equipment	46 051 156	15 380 457	30 670 699	30 599 704
	49 744 423	16 038 747	33 705 676	33 638 763
Less: government subsidies	3 580 988		3 580 988	3 497 563
	46 163 435	16 038 747	30 124 688	30 141 200
Appraised value of a subsidiary's fixed assets over net cost	1 413 423	68 551	1 344 872	1 413 423
	47 576 858 \$	16 107 298 \$	31 469 560 \$	31 554 623 \$

Since some plants or forestry divisions only operated during part of the year, depreciation was charged on their fixed assets serving directly in production, that is, part of buildings, logging camps, machinery, equipment and rolling-stock totaling \$ 23 857 055, over the period in actual use.

8 - OTHER ASSETS

	1983	1982
Start-up costs, amortized	1 673 317 \$	1 916 555 \$
Cost of preliminary studies for investment projects*	1 669 757	356 931
Land, buildings, machinery and equipment for resale - at realization value	319 000	550 784
Other	44 348	58 749
	3 706 422 \$	2 883 019 \$

* The Government made a commitment to reimburse REXFOR for up to \$2.5 million in the event of abandonment or withdrawal from these projects.

9 - BANK INDEBTEDNESS

Accounts receivable and inventories are put up as collateral for certain bank advances.

10 - LONG-TERM DEBT

	1983	1982
REXFOR:		
Gouvernement du Québec advances		
- Interest-free financing for the agreement with Les Industries I.T.T. du Canada Ltée payable between 1997 and 2000: Balance of \$13 680 000, in advances, current value at 11.5% annually (face value at March 31, 1982) (Note 6)	2 395 356 \$	19 000 000 \$
- Interest-free (Re: Nouvelair Inc.), to be repaid over 10 years starting the seventh year following payment of the advance	1 300 000	300 000
Scierie Bézin Inc.:		
- Fiducie du Québec, mortgage notes, bearing interest at 9 1/4%, to be repaid in annual instalments of \$155 000	620 000	775 000

Gestion 1195 Inc.:

- Loans secured by a mortgage on the head office, at 11 1/4%, payable in monthly instalments of \$22 359 including capital and interest, due September 1, 1990

2 159 496 2 178 828

Énerbois Inc.:

- Banker's acceptance, at 10.37%, payable in annual instalments of \$300 000 over ten years, due in 1986

2 000 000 2 500 000

Les Produits Forestiers Bellerive-Ka'N'Enda Inc.:

- Bank loan, at the prime rate of interest, due May 1983

1 200 000 1 200 000

- Term loan, at variable interest rate, payable in quarterly instalments of \$166 666 as of June 1983, with the balance due in 1989

2 400 000 2 400 000

Bank loan, on demand

800 000

Proforêt Inc.:

- Mortgage bond, at 1/4% above prime, payable as of January 15, 1983 in 96 monthly instalments of \$18 750

1 743 750 1 800 000

- Bank loan, at prime

2 056 250

Other

1 344 554 1 415 484

18 019 406 31 569 312

Instalments due within a year

1 193 122 850 587

16 826 284 \$ 30 718 725 \$

Certain assets are put up as collateral for bank indebtedness. Capital instalments due over the next five fiscal years detail as follows:

1983-1984 - 1 193 122 \$, 1984-1985 - 1 742 552 \$, 1985-1986 - 1 780 015 \$, 1986-1987 - 1 768 737 \$, 1987-1988 - 1 485 024 \$.

**SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS
DU QUÉBEC - REXFOR**
NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983
11 - CAPITAL STOCK

REXFOR share are held by the Government.

12 - FINANCIAL CHARGES

	1983	1982
Interest on long-term debt	1 791 294 \$	887 665 \$
Other interest	1 293 533	1 398 672
	<u>3 084 827 \$</u>	<u>2 286 337 \$</u>

13 - INVESTMENT INCOME

	1983	1982
Interest on term deposits	2 931 522 \$	2 981 242 \$
Interest on loans, bonds and advances	2 368 069	3 010 596
Share in the operating results of associated enterprises	367 740	1 278 511
	<u>5 667 331</u>	<u>7 270 349</u>
Increase in the provision for contingent losses on loans and advances	34 236	76 500
	<u>5 633 095 \$</u>	<u>7 193 849 \$</u>

**14 - CONSOLIDATED STATEMENT OF CHANGE IN
FINANCIAL POSITION**

	1983	1982
Funds for operations:		
Net loss	(4 919 280) \$	(2 769 861) \$
Items not affecting working capital:		
- Depreciation on fixed assets	2 101 781	3 284 497
- Depreciation on other assets	385 587	176 278
- Write-off, other assets	240 650	92 732
- Transfer of deferred revenue-subsidy	(87 119)	(888 302)
- Loss (gain) on disposal of fixed assets	5 855	(40 251)
- Increase in the provision for contingent investment losses	19 236	76 500
- Revenue capitalized to investments	(1 804 087)	(30 350)
- Buy-back of sickleave, included in long-term debt		131 436
Funds generated (absorbed) by operations	<u>(4 057 377) \$</u>	<u>34 679 \$</u>

15 - COMMITMENTS AND CONTINGENT LIABILITIES

- Under the terms of agreements, REXFOR acted as surety for a subsidiary's commitments on behalf of Panneaux de la Vallée Inc., an affiliate partly-owned (40%) by the subsidiary, as follows:

(a) to supply and deliver wood and fuel on a yearly basis of sufficient quality and quantity to allow for smooth plant operations;

(b) act as surety for Panneaux de la Vallée Inc. commitments up to \$12 000 000 with respect to plant completion and start-up. At June 23, 1983, the balance of this surety amounted to about \$4.5 million has also committed itself to making good any operating deficit of that enterprise through fiscal 1984, 1985 and 1986 by either subscribing additional capital or providing loans or advances. This commitment expires in 1986.

- REXFOR guarantees the payment of the principal, interest and related charges up to \$3 000 000 on a subsidiary's long-term loan, the balance being \$2 000 000 at March 31, 1983.

- REXFOR and one of its subsidiaries are being jointly sued for the amount of \$1.5 million with respect to the withdrawal of its purchase offer for the assets of a group of firms.

- REXFOR has received a legal claim of \$1.4 million from a contractor for cleanup on the rivière Outardes II.

- There are sundry claims against REXFOR amounting to around \$600 000.

16 - COMPARATIVE FIGURES

Certain data from the 1982 fiscal year were reclassified for purposes of the 1983 presentation.

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13 and amendments

AUDITORS' REPORT

Mr. Jacques Parizeau
Minister of Finance
Shareholder of the Société des alcools du Québec

We have examined the statement of operating results, that of retained earnings and that of change in financial position of the Société des alcools du Québec for the 52-week fiscal year ended March 26, 1983, as well as the balance sheet at that date, having obtained all information and explanations sought. Our examination was made in accordance with generally recognized auditing principles and consequently included such tests and other procedures we deemed necessary in the circumstances.

Given the information and explanations provided to us and that shown on the books of the Société des alcools du Québec, these statements, in our opinion, accurately present the operating results and change in financial position of the corporation for the 52-week fiscal year ended March 26, 1983, as well as its financial situation on that date according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

MAHEU, NOISEUX,
Chartered Accountants

Montréal, April 26, 1983.

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13 and amendments

BALANCE SHEET
as at March 26, 1983
(\$ THOUSANDS)

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash	4 186	2 990
Accountants receivable	6 355	5 933
Inventories, at the lesser of cost and net realization value	99 246	90 786
Expenses chargeable to next fiscal year	4 172	6 113
	113 959	105 822
FIXED ASSETS (Note 5)	48 097	48 228
ASSETS RENTED UNDER		
CAPITAL LEASE CONTRACTS (Note 6)	14 199	14 726
	176 255	168 776
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	32 511	32 256
Bank indebtedness	19 500	38 200
Borrowings on financial markets	23 200	13 500
Dividends payable	32 400	28 725
	107 611	112 681
PROVISION FOR ACCUMULATED SICKLEAVE	7 900	6 900
COMMITMENTS UNDER CAPITAL		
LEASE CONTRACTS (Note 7)	15 971	16 158
	131 482	135 739
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized:		
300 000 shares, \$ 100 par value		
Issued and paid-up:		
300 000 shares	30 000	30 000
RETAINED EARNINGS	12 773	1 537
RESERVE FOR UNINSURED RISKS	2 000	1 500
	44 773	33 037
	176 255	168 776

ON BEHALF OF THE BOARD OF DIRECTORS,

Gaston PELLETIER, director

Marcel LAROCQUE, director

SOCIÉTÉ DES ALCOOLS DU QUÉBEC
OPERATING RESULTS

for the 52-week fiscal year ended March 26, 1983

(\$ THOUSANDS)

	1983	1982
SALES (Note 2)	787 039	725 310
OPERATING EXPENSES		
Cost of merchandise sold	348 507	352 730
Sales and promotion	76 288	70 661
Distribution (Note 3)	29 072	27 895
Administration	22 884	20 564
Pension plan contributions for past service (Note 4)	10 350	10 350
	487 101	482 200
PROFIT BEFORE INTEREST AND DEPRECIATION	299 938	243 110
Interest on short-term borrowings	5 742	9 484
Interest under terms of capital lease contracts	1 786	1 784
Depreciation on fixed assets	5 147	4 413
Depreciation on assets held under capital lease	527	447
Amortization of deferred expenses for accumulated sickleave credits		500
	13 202	16 628
NET PROFIT	286 736	226 482

RETAINED EARNINGS

for the 52-week fiscal year ended March 26, 1983

(\$ THOUSANDS)

	1983	1982
Balance at the beginning	1 537	555
Net profit	286 736	226 482
	288 273	227 037
Dividends to the Minister of Finance	275 000	225 000
Transfer to the reserve for uninsured risks	500	500
	275 500	225 500
Balance at year-end	12 773	1 537

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the 52-week fiscal year ended March 26, 1983
(\$ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Net profit	286 736	226 482
Items involving no outlay of funds:		
Depreciation of fixed assets	5 147	4 413
Depreciation of assets held under capital lease contracts	527	447
Amortization of deferred charges for accumulated sickleave		500
Increase in the provision for accumulated sickleave	1 000	1 400
Funds from operations	293 410	233 242
Sale of fixed assets	15	15
	293 425	233 257
APPLICATION OF FUNDS		
Purchase of fixed assets	5 031	3 402
Dividends to the Minister of Finance	275 000	225 000
Decrease in commitments under capital lease contracts	187	170
	280 218	228 572
INCREASE IN WORKING CAPITAL	13 207	4 685
WORKING CAPITAL (DEFICIT) AT THE BEGINNING	(6 859)	(11 544)
WORKING CAPITAL (DEFICIT) AT YEAR-END	6 348	(6 859)

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
at March 26, 1983

1 - MAJOR ACCOUNTING POLICIES

Inventories

The FIFO method is used in evaluating the cost of inventories

Depreciation of fixed assets

Depreciation on fixed assets is charged according to the straight-line method at the following rates:

Building	2.5% and 10%
Furniture and equipment	6.6%, 10%, 12.5% and 25%
Rolling-stock	20%
Leasehold improvements	rate varying with the duration of lease, not exceeding ten years
Paving and parking lots	4%

Depreciation of assets held under capital lease contracts

Depreciation on assets held under capital lease contracts is charged according to the straight-line method at the following rates:

Building	2.5%
Equipment	10%

2 - SALES

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Sales to grocers	105 983	96 281
Discount to grocers	17 511	16 035
	88 472	80 246
Sales through outlets	689 817	635 537
Sales, other	8 750	9 527
	787 039	725 310

3 - DISTRIBUTION

This item includes commissions paid to distributors authorized to deliver wine and cider to grocers. These commissions amounted to \$6.3 million in 1983 and \$5.8 million in 1982.

4 - PENSION PLAN

An actuarial valuation has set liabilities with respect to service prior to December 31, 1975 at \$88.8 million. The Société began reimbursing the Commission Administrative du Régime de Retraite des Fonctionnaires du Québec for this amount and related interest through 23 annual and consecutive instalments of approximately \$10.35 million as of December 31, 1978.

5 - FIXED ASSETS
(\$ THOUSANDS)

	Cost	Accumulated Depreciation	Amortized Cost	
			1983	1982
Land	8 405		8 405	8 405
Building	15 372	5 817	9 555	9 648
Furniture and equipment	41 906	17 123	24 783	24 661
Rolling-stock	2 411	1 769	642	1 051
Leasehold improvements	8 761	4 643	4 118	3 894
Paving and parking lots	688	94	594	569
	77 543	29 446	48 097	48 228

6 - ASSETS RENTED UNDER CAPITAL LEASE CONTRACTS
(\$ THOUSANDS)

	Gross Value	Accumulated Depreciation	Amortized Value	
			1983	1982
Building	16 280	2 442	13 838	14 245
Equipment	601	240	361	481
	16 881	2 682	14 199	14 726

7 - COMMITMENTS UNDER CAPITAL LEASE CONTRACTS

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Building, 11% payable in monthly instalments of \$151 658, including interest, to April 11, 2012	15 855	15 927
Equipment, 9.17%, payable in monthly instalments of \$10 869 including interest, to December 6, 1984	303	401
	16 158	16 328
Due during the next fiscal year	187	170
	15 971	16 158

Payments in subsequent years:
(\$ THOUSANDS)

	Capital	Interest	Total
1984	187	1 763	1 950
1985	285	1 742	2 027
1986	99	1 721	1 820
1987	111	1 709	1 820
1988	124	1 696	1 820
1989-2012	15 352	28 382	43 734
	16 158	37 013	53 171

8 - COMMITMENTS

Under the terms of operating leases, the Société is committed to pay \$56.3 million for the rent of retail outlets and certain warehouses. Payments over the coming years amount to:

	(\$ MILLIONS)
1984	9.6
1985	8.5
1986	7.7
1987	6.7
1988	5.8

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

R.S.Q., c. S-14

AUDITOR'S REPORT

I have examined the balance sheet of the Société des traversiers du Québec at March 31, 1983 as well as the statement of revenue, expenditure and surplus and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing principles and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983, as well as its operating results and change in financial position for the fiscal year then ended according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Quebec, June 10, 1983.

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

R.S.Q., c. S-14

BALANCE SHEET

as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash and term deposits	1 493 268 \$	2 580 579 \$
Accounts receivable and accrued interest	298 487	103 237
Subsidies receivable from the Government (Note 8)	1 022 579	120 560
	2 814 334	2 804 376
INVESTMENT (Note 3)	55 000	55 000
FIXED ASSETS (Note 4)	11 334 846	13 800 232
DEFERRED CHARGES (Note 5)		430 665
	14 204 180 \$	17 090 273 \$
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	1 514 842 \$	1 563 634 \$
LONG-TERM DEBT		1 400 000
DEFERRED APPROPRIATION (Note 6)	10 620 917	12 160 799
	12 135 759	15 124 433
SHAREHOLDER EQUITY		
CAPITAL STOCK		
Authorized: 100 000 shares, \$100 par value		
Issued and paid-up: 15 000 shares	1 500 000	1 500 000
SURPLUS	568 421	465 840
	2 068 421	1 965 840
	14 204 180 \$	17 090 273 \$
CONTINGENT LIABILITY (Note 11)		

ON BEHALF OF THE BOARD OF DIRECTORS,

Jacques CLERMONT, director

Jean-Yves GAGNON, director

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

REVENUE, EXPENDITURE AND SURPLUS
for the fiscal year ended March 31, 1983

	1983	1982
EXPENDITURE		
Operating expenses	17 110 142 \$	17 443 185 \$
General and administrative expenses	2 625 231	2 452 222
Depreciation on fixed assets	1 655 896	1 945 769
Amortization of deferred charges (Note 5)	430 665	39 151
	<u>21 821 934</u>	<u>21 880 327</u>
REVENUE		
Ferrying of vehicles	3 995 115	2 954 144
Ferrying of pedestrians	2 441 393	1 787 120
Other (Note 7)	565 017	234 805
	<u>7 001 525</u>	<u>4 976 069</u>
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOUVERNEMENT DU QUÉBEC PARTICIPATION AND EXTRAORDINARY ITEM	14 820 409	16 904 258
Participation of the Government (Note 8)	<u>15 596 530</u>	<u>17 037 591</u>
SURPLUS REVENUE AND GOVERNMENT PARTICIPATION OVER EXPENDITURE BEFORE EXTRAORDINARY ITEM	776 121	133 333
Loss on disposal of vessels	<u>673 540</u>	
SURPLUS REVENUE AND GOVERNMENT PARTICIPATION OVER EXPENDITURE	102 581	133 333
SURPLUS AT THE BEGINNING	<u>465 840</u>	<u>332 507</u>
SURPLUS AT YEAR-END	<u><u>568 421 \$</u></u>	<u><u>465 840 \$</u></u>

SOCIÉTÉ DES TRAVERSISERS DU QUÉBEC

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Surplus revenue and Government participation over expenditure before extraordinary item	776 121 \$	133 333 \$
Items requiring no outlay of funds:		
Depreciation on fixed assets	1 655 896	1 945 769
Amortization of deferred charges	430 665	39 151
Transfer of deferred appropriation		
Loss on disposal of fixed assets	3 852	
Transfer of deferred appropriation	(1 539 882)	(1 667 031)
Funds from operations	1 326 652	451 222
Proceeds from disposal of fixed assets	160 390	
Government participation — donation of fixed assets		2 622 714
	1 487 042	3 073 936
APPLICATION OF FUNDS		
Payment on long-term debt	1 400 000	
Acquisition of fixed assets	28 292	35 386
Assets acquired through Government donation		2 622 714
	1 428 292	2 658 100
INCREASE IN WORKING CAPITAL	58 750	415 836
WORKING CAPITAL AT THE BEGINNING	1 240 741	824 905
WORKING CAPITAL AT YEAR-END	1 299 491 \$	1 240 741 \$

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Société des traversiers du Québec is a joint-stock company founded under a special Act whose shares form part of the public domain of the Province of Québec and are assigned to the Minister of Finance. The purpose of the Société is to provide ferry-boat transportation on rivers and lakes in Québec.

2 - ACCOUNTING POLICIES

The Société's financial statements were prepared by management according to generally recognized accounting principles, within the bounds of practices summarized as follows:

Fixed assets

Fixed assets acquired by donation have been valued at initial cost or according to appraised value or at that set by municipal valuation. Other fixed assets are recorded at cost. Depreciation is charged according to the diminishing balance method at a constant rate (wharves, 5%; buildings, 10%; ships, 15%; furniture and equipment, 20%; rolling-stock, 30%).

Deferred appropriation - Government participation toward the acquisition of fixed assets

The value assigned to assets acquired by donation or specific subsidies is recorded as deferred appropriation and transferred to the statement of operating results when depreciation is charged on these assets.

Recovery from insurers

Amounts from insurers covering accidents caused by Société vessels are recorded when received.

3 - INVESTMENT

This item is an endowment from the Government to the Société and represents the initial cost of 55 000 class "A" common shares of the 767 500 shares issued by Compagnie de gestion de Matane Inc.

4 - FIXED ASSETS

	1983			1982	
	Fixed Assets				
	Acquired by Endowment	Other	Accumulated Depreciation	Net	Net
Land	64 794 \$	18 145 \$		82 939 \$	82 939 \$
Wharves	3 771 913	73 429	1 473 004 \$	2 372 338	2 497 198
Buildings	905 427	205 984	412 157	699 254	776 947
Vessels	22 394 785	823 149	15 158 908	8 059 026	10 314 747
Furniture and equipment	24 916	272 441	180 761	116 596	121 696
Rolling-stock		24 586	19 893	4 693	6 705
	<u>27 161 835 \$</u>	<u>1 417 734 \$</u>	<u>17 244 723 \$</u>	<u>11 334 846 \$</u>	<u>13 800 232 \$</u>

Harbour installations - harbour sheds and wharves at Matane and Godbout belong to the Government and are placed free of charge at the disposal of the Société.

5 - DEFERRED CHARGES

This item represents the costs incurred for acquiring and altering the Québec-Lévis ferry wharves prior to the construction of permanent ones. These charges are amortized through equal annual instalments over a twenty-year period until 1993.

The balance of these deferred charges in the amount of \$430 665 at March 31, 1982 was transferred to operating results for the year. This had the effect of increasing expenditure by \$391 514 for fiscal 1983 and reducing the year's surplus correspondingly.

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)

6 - DEFERRED APPROPRIATION

Participation of the Government toward the acquisition of fixed assets:

	1983	1982
Balance at the beginning	12 160 799 \$	11 205 116 \$
Participation for the year		2 622 714
	12 160 799	13 827 830

Transferred to the statement of operating results:

Depreciation on fixed assets	1 539 882	1 667 031
Balance at year-end	10 620 917 \$	12 160 799 \$

Itemized balance:

Land	64 794 \$	64 794 \$
Wharves	2 312 529	2 434 241
Buildings	568 463	631 625
Vessels	7 667 368	9 020 433
Furniture and equipment	7 763	9 706
	10 620 917 \$	12 160 799 \$

7 - OTHER REVENUE

	1983	1982
Interest on bank balance	278 440 \$	278 222 \$
Interest on long-term borrowings	(123 485)	(261 099)
Net financial earnings	154 955	17 123
Parking and miscellaneous	67 442	29 114
Vending machines	58 396	48 658
Recovered from insurers on accident claims involving vessels	288 076	139 910
Loss on disposal of fixed assets	(3 852)	
	565 017 \$	234 805 \$

8 - GOUVERNEMENT DU QUÉBEC PARTICIPATION

	1983	1982
Operating subsidies:		
Received	11 634 069 \$	15 250 000 \$
Receivable	1 022 579	120 560
	12 656 648	15 370 560
Transfer of deferred appropriation (Note 6)	1 539 882	1 667 031
Subsidy toward payment of long-term debt	1 400 000	
	15 596 530 \$	17 037 591 \$

9 - LONG-TERM LEASING

The Société has signed lease contracts for the rental of two vessels it operates:

- 1 - (a) the minimum length of the lease is fifteen years, ending on April 10, 1995. The Société may extend the term for another five years if it chooses not to exercise its purchase option;
- (b) basic rental is payable in thirty installments of \$329 092 semi-annually, adjusted according to fluctuations in the prime rate of three given chartered banks above or below 154%;
- (c) the Société can exercise its option to buy the vessel on April 10, 1995 for the price of \$850 680 or on April 10, 2000 for \$400 320, should the lease be extended.
- 2 - (a) the minimum length of the lease is ten years, ending on July 9, 1990. The Société has an option to extend the term for another six years;
- (b) semi-annual rental has been set at \$313 638;
- (c) the Société may exercise its purchase option on July 10, 1990 for the price of \$2 998 800 or on July 10, 1995 for \$849 660, should the lease be extended.

Total amounts to be paid under the lease agreements come to \$12 200 000. Rental charges on the two vessels charged to operating expenditure for the fiscal year amount to \$1 288 095.

10 - SICKLEAVE

Accumulated sickleave for employees at year-end not shown on the financial statements amounts to an estimated \$539 000 (\$149 000 at March 31, 1982).

11 - CONTINGENT LIABILITY

The Société contests property taxes of the Communauté Urbaine de Québec covering the years 1976 through 1979 that amount to \$220 230 at March 31, 1983. As a wholly-owned enterprise of the Government the Société considers these tax bills for that period unjustified.

SOCIÉTÉ D'HABITATION DU QUÉBEC

R.S.Q., c. S-8

AUDITOR'S REPORT

I have examined the balance sheet of the Société d'habitation du Québec at December 31, 1982 as well as the statement of surplus, that of operating results and that of financial activities, the balance sheet of the Insurance Fund and the statement of change in the Fund for the fiscal year then ended. My examination was made in accordance with generally recognized auditing principles and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at December 31, 1982 as well as the results of its operations for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year, taking into consideration the retroactive change in the recording of the cost of the low-rental housing program to which Note 3 refers.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, July 7, 1983.

SOCIÉTÉ D'HABITATION DU QUÉBEC

R.S.Q., c. S-8

BALANCE SHEET

as at December 31, 1982

(\$ THOUSANDS)

	<u>1982</u>	<u>1981</u> (Note 3)
ASSETS		
Loans and advances (Note 4)	604 203	605 172
Residential buildings (Note 5)	762 836	645 652
Accounts receivable		
Canada Mortgage and Housing Corporation	95 163	76 453
Other	8 817	13 080
Cash	1 956	
	<u>1 472 975</u>	<u>1 340 357</u>
LIABILITIES		
Borrowings (Note 6)	1 403 181	1 300 543
Accounts payable (Note 7)	59 943	32 907
Insurance Fund	2 607	2 097
Outstanding cheques less cash		136
	<u>1 465 731</u>	<u>1 335 683</u>
SURPLUS		
	<u>7 244</u>	<u>4 674</u>
	<u>1 472 975</u>	<u>1 340 357</u>

ON BEHALF OF THE SOCIÉTÉ,

Bernard ANGERS

Jean-Luc LESAGE

SOCIÉTÉ D'HABITATION DU QUÉBEC**SURPLUS**

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	<u>1982</u>	<u>1981</u>
BALANCE AT THE BEGINNING		
Surplus for the year	4 674	1 952
CMHC contribution to administrative expenses of prior years	4 619	6 804
	<u>9 293</u>	<u>5 583</u>
Transfer to the Consolidated Revenue Fund (Note 8)	<u>2 049</u>	<u>14 339</u>
BALANCE AT YEAR-END	<u><u>7 244</u></u>	<u><u>4 674</u></u>

SOCIÉTÉ D'HABITATION DU QUÉBEC**REVENUE AND EXPENDITURE**

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	1982	1981 (Note 3)
REVENUE		
Program financing (Note 9)		
Gouvernement du Québec	115 185	100 226
Canada Mortgage and Housing Corporation	86 487	59 886
	201 672	160 112
Recovery — debt servicing		
charged to low-rental housing program	81 849	63 367
Interest on loans and advances	48 368	50 302
	331 889	273 781
EXPENDITURE		
Cost of programs (Note 9)	186 907	147 601
Administrative expenses (Note 10)	14 765	12 511
	201 672	160 112
Interest on borrowings	125 598	106 865
	327 270	266 977
SURPLUS REVENUE OVER EXPENDITURE FOR THE YEAR	4 610	6 804

SOCIÉTÉ D'HABITATION DU QUÉBEC**FINANCIAL ACTIVITIES**

for the fiscal year ended December 31, 1982

(\$ THOUSANDS)

	<u>1982</u>	<u>1981</u> (Note 3)
SOURCE OF FINANCIAL RESOURCES		
Surplus for the year	4 619	6 804
Depreciation on residential buildings	<u>680</u>	<u>263</u>
Funds from operations	5 299	7 067
New borrowings	859 071	846 591
CMHC contribution to administrative expenses of prior years		5 583
Repayments on loans and advances	4 427	9 551
Disposal of residential buildings	533	
Decrease (increase) in accrued interest on loans and advances	603	(5 426)
Increase in amount owed the Insurance Fund	510	1 019
Increase (decrease) in accounts payable	27 036	(20 099)
Increase (decrease) in accrued interest on borrowings	<u>1 991</u>	<u>(1 575)</u>
	<u><u>899 470</u></u>	<u><u>842 711</u></u>
APPLICATION OF FINANCIAL RESOURCES		
New investments		
Loans and advances	5 082	2 967
Residential buildings	117 376	109 589
Acquisition of property financed by the Société		
Residential buildings	1 021	4 011
Loans and advances	(1 021)	(3 594)
Accrued interest on loans and advances		(417)
Repayment of borrowings	758 424	697 920
Transfer to the Consolidated Revenue Fund	2 049	9 665
Increase in cash position	2 092	7
Increase in accounts receivable	<u>14 447</u>	<u>22 563</u>
	<u><u>899 470</u></u>	<u><u>842 711</u></u>

SOCIÉTÉ D'HABITATION DU QUÉBEC**INSURANCE FUND****BALANCE SHEET**

as at December 31

(\$ THOUSANDS)

	<u>1982</u>	<u>1981</u>
ASSETS		
Cash	14	13
Accounts receivable		
Société d'habitation du Québec	2 607	2 097
Participating agencies	242	137
Other	19	
	<u>2 882</u>	<u>2 247</u>
LIABILITIES		
Claims under settlement	184	109
Balance of the fund	2 698	2 138
	<u>2 882</u>	<u>2 247</u>

CHANGE IN THE INSURANCE FUND

for the fiscal year ended December 31

(\$ THOUSANDS)

	<u>1982</u>	<u>1981</u>
Revenue		
Premiums	575	738
Interest	385	342
	<u>960</u>	<u>1 080</u>
Claims	400	120
SURPLUS FOR THE YEAR	560	960
FUND BALANCE AT THE BEGINNING	2 138	1 178
BALANCE AT YEAR-END	<u>2 698</u>	<u>2 138</u>

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS at December 31, 1982

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Incorporated under a special Act, the Société d'habitation du Québec, has been conferred the task of promoting municipalities' land servicing, facilitating the access of Québec citizens to residential property and making low rental housing available to them.

Since 1979, the Société has been administering an Insurance Fund covering accidental losses to its housing units and those of municipal housing offices. Individual losses over \$500 000 are not covered by the Fund and are borne on an equal basis by the Canada Mortgage and Housing Corporation and the Société d'habitation du Québec under the terms of agreements between these organizations.

2 - ACCOUNTING POLICIES

Société financial statements were prepared by management according to generally recognized accounting principles, within the bounds of particular practices described below:

(a) Residential buildings

i. Residential buildings belonging to the Société are recorded at cost.

In the case of property acquired following default of payment, its cost is recorded as the outstanding balance of the loan and accrued interest to the date of surrender plus expenses incurred at the time of takeover.

Where Société housing construction is concerned, interest and administrative charges are added to other costs incurred up to the date of the building's operation.

ii. Depreciation is charged on residential buildings according to the rate the principal is repaid on loans taken out for their acquisition, generally over a period of thirty-five to fifty years. The amount charged includes amortization of the cost of land, buildings and facilities. No depreciation is charged with respect to residential buildings not yet subject to loan repayment.

(b) Housing loans

There is no provision for non-recovery of interest on housing loans where payments are in arrears since such interest is included in the cost of acquiring property upon default.

(c) Program financing

Participation by the Government and the CMHC is recorded on the books where related expenditure is also entered. Gouvernement du Québec participation is represented by its gross contributions to funding Société program expenditures, less that recoverable from the Canada Mortgage and Housing Corporation under the terms of agreements.

(d) Recovery - debt servicing charged to the low-rental housing program

The cost of servicing debt which the Société must assume on borrowings taken out to finance residential buildings which are managed by municipal housing offices, Northern municipalities and the Société de gestion immobilière SHQ is generally recovered from grants paid to these agents.

(e) Cost of the low-rental housing program

The cost of the low-rental housing program is established on the basis of budgets prepared by agencies concerned and approved by the Société or prepared by the Société itself, as the case may be.

The cost includes any retroactive adjustments required following Société study of agencies' audited financial statements.

(f) Administrative expenses

Sums required to cover administration are taken from appropriations voted annually for that purpose by the National Assembly; under the National Housing Act, the Canada Mortgage and Housing Corporation defrays a portion of these charges. The acquisition of supplies and equipment is charged to operating expenditure in accordance with Government accounting practice.

The cost of fringe benefits to Société employees as well as support services such as telephone, office space, data processing, etc. paid from the various departments' appropriations are not shown on the statement of revenue and expenditure.

3 - ACCOUNTING CHANGE

Cost of the low-rental housing program

The cost of the low-rental housing program is established on the basis of budgets prepared by agencies concerned and approved by the Société or prepared by the Société itself, as the case may be.

In the case of buildings managed by municipal housing offices and Northern municipalities as well as those under direct Société administration, this cost was formerly determined from the statements of revenue and expenditure produced by these agencies and the Société.

This change had the effect of increasing revenue for fiscal 1982 in the amount of \$81.8 million, recorded under the item "Recovery - debt servicing charged to the low-rental housing program" and increasing interest on borrowings by \$81.2 million.

Comparative figures for 1981 were adjusted to take the change into consideration and reclassified following the new presentation adopted by the Société in 1982.

4 - LOANS AND ADVANCES

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Mortgage loans - 6% % to 15% % payable by monthly or annual instalments	547 690	552 144
Loans without mortgage security - 6% % to 7% %, payable by monthly instalments	10 507	10 579
Bonds - 6% % to 9% %, payable annually	18 539	16 909
Advances	13 296	10 766
Accrued interest	14 171	14 774
	<u>604 203</u>	<u>605 172</u>

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd) at December 31, 1982

5 - RESIDENTIAL BUILDINGS

	1982		1981	
	At Cost	Accumulated Depreciation (\$ THOUSANDS)	Depreciated Cost	Depreciated Cost (\$ THOUSANDS)
Completed residential buildings	640 939	586	640 353	526 476
Housing under construction	72 108		72 108	72 734
Acquired property	51 595	1 220	50 375	46 442
	<u>764 642</u>	<u>1 806</u>	<u>762 836</u>	<u>645 652</u>

6 - BORROWINGS

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Gouvernement du Québec		
Bonds - 6½% to 17%, payable in annual and semi-annual instalments over periods up to 50 years and redeemable before maturity	134 161	114 064
Advances	14 570	30 179
Accrued interest	14 833	16 149
	<u>163 564</u>	<u>160 392</u>

Canada Mortgage and Housing Corporation

Bonds - 6½% to 11%, payable in annual and semi-annual instalments over periods of up to 50 years and redeemable before maturity	876 869	809 897
Mortgage loans - 3½% to 7½% payable in monthly instalments over periods of up to 50 years	2 284	1 677
Advances	9 863	70 574
Accrued interest	52 018	57 197
	<u>941 034</u>	<u>939 345</u>

Other

Bonds - 14½% to 16½% payable from 1984 to 1988, guaranteed by CMHC	204 929	90 000
Interim financing - financial institutions	77 094	102 732
Accrued interest	16 560	8 074
	<u>298 583</u>	<u>200 806</u>
	<u>1 403 181</u>	<u>1 300 543</u>

Capital instalment payments over the next five fiscal years on bonds and mortgages detail as follows:

1983	5 368
1984	5 746
1985	6 251
1986	6 573
1987	6 695

7 - ACCOUNTS PAYABLE

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Gouvernement du Québec	37 944	5 112
Contractors and suppliers	10 046	11 621
Municipal housing offices, municipalities and other agencies	8 608	10 415
Holdbacks on construction contracts	3 345	5 759
	<u>59 943</u>	<u>32 907</u>

8 - TRANSFER TO THE CONSOLIDATED REVENUE FUND

The Société passed a resolution approving the remittance of \$2 049 000 in revenue to the Government, most of which is derived from CMHC contributions toward financing the low-rental housing program.

SOCIÉTÉ D'HABITATION DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
at December 31, 19829 - COST AND FINANCING OF PROGRAMS ADMINISTERED BY THE SOCIÉTÉ
(\$ THOUSANDS)

PROGRAMS	1982			1981		
	COST	FINANCING		COST	FINANCING	
		GOUVERNEMENT DU QUÉBEC	CMHC*		GOUVERNEMENT DU QUÉBEC	CMHC*
Low-rental housing						
Subsidies for municipal housing offices' residential building operations	42 250	17 502	24 748	37 189	20 282	16 907
Subsidies to agents for Société residential building operations	92 867	38 069	54 798	72 753	33 064	39 689
	135 117	55 571	79 546	109 942	53 346	56 596
Assistance to individuals						
Assistance to facilitate home ownership - Shelter aid for the elderly	12 193	12 193				
Rent supplements	8 615	8 615		8 787	8 787	
Family Housing Act	5 787	4 592	1 195	5 276	2 956	2 320
Temporary relocation of urea formaldehyde (MIUF) victims	2 620	2 620		3 216	3 216	
	198	198				
	29 413	28 218	1 195	17 279	14 959	2 320
Assistance to community agencies and for renovation						
Aid to rental housing cooperatives	6 565	6 565		6 219	6 219	
Municipal land servicing	10 718	6 568	4 150	6 741	6 972	(231)
Residential building restoration	4 879	4 879		7 420	7 420	
Assistance for home renovation	215	215				
	22 377	18 227	4 150	20 380	20 611	(231)
Cost of programs	186 907	102 016	84 891	147 601	88 916	58 685
Administrative expenses (Note 10)	14 765	13 169	1 596	12 511	11 310	1 201
		115 185	86 487		100 226	59 886
Total cost	201 672	201 672		160 112	160 112	

* Canada Mortgage and Housing Corporation

10 - ADMINISTRATIVE EXPENSES

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Wages, salaries and other remuneration	12 595	11 294
Transportation and communications	855	754
Professional, administrative and other services	858	619
Rent	175	125
Supplies	367	194
Furnishings and equipment	90	36
Other	584	12
	15 504	13 034
Less:		
Charged to construction cost of residential buildings	460	523
Administrative expenses assigned to the Société de gestion immobilière SHQ	279	
	14 765	12 511

11 - SOCIÉTÉ DE GESTION IMMOBILIÈRE SHQ

The Société de gestion immobilière SHQ has been given responsibility as of January 1, 1982 for managing certain buildings belonging to the Société d'habitation du Québec. An operating budget of \$3.2 million was allocated to this agent for the current year. CMHC will provide funding in the amount of \$1.7 million and the Government, the remainder of \$1.5 million. The Société statement of operating results takes these contributions into account.

12 - COMMITMENTS

Société commitments toward contractors for work on current projects amounted to \$35.7 million at December 31, 1982 (1981: \$50.5 million).

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

R.S.Q., c. S-14.01

AUDITOR'S REPORT

I have examined the balance sheet of the Régie du Grand Théâtre de Québec at August 31, 1982 as well as the statement of revenue, expenditure and deficit for the five-month fiscal period then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société du Grand Théâtre de Québec at August 31, 1982 and the results of its operations for the five-month fiscal period then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

The data for the fiscal year March 31, 1982 presented for comparison purposes come from financial statements examined by other auditors.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, December 31, 1982.

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

R.S.Q., c. S-14.01

BALANCE SHEET
as at August 31, 1982

	August 31, 1982	March 31, 1982 (Note 9)
ASSETS		
CURRENT ASSETS		
Cash	122 401 \$	103 246 \$
Term deposits	43 181	40 705
Accounts receivable	148 749	369 836
Subsidy receivable		38 324
Inventories	85 771	59 252
Prepaid expenses	18 781	26 037
	<u>418 883</u>	<u>637 400</u>
FIXED ASSETS		
	<u>19 115</u>	<u>23 654</u>
	<u><u>437 998 \$</u></u>	<u><u>661 054 \$</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Deposits — rent and ticket sales	325 327 \$	326 661 \$
Accounts payable and accrued charges	217 634	479 777
Subsidy received in advance	110 417	
	<u>653 378</u>	<u>806 438</u>
DEFICIT		
	<u>215 380</u>	<u>145 384</u>
	<u><u>437 998 \$</u></u>	<u><u>661 054 \$</u></u>

ON BEHALF OF THE SOCIÉTÉ,

Christine PIETTE
Charles H. BLAIS

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC**REVENUE, EXPENDITURE AND DEFICIT**
for the five-month fiscal period ended August 31, 1982

	August 31, 1982 (5 months) (Note 5)	March 31, 1982 (12 months) (Note 9)
REVENUE		
Rent	157 412 \$	899 797 \$
Share of ticket sales	41 248	203 486
Ancillary services (Note 6)	53 381	1 264 336
Stage productions	45 300	523 874
	<u>297 341</u>	<u>2 891 493</u>
EXPENDITURE		
Administrative services (Note 7)	235 914	648 508
Support services (Note 8)	471 078	1 444 110
Ancillary services (Note 6)	125 655	1 313 642
Stage productions	86 773	745 777
	<u>919 420</u>	<u>4 152 037</u>
SURPLUS EXPENDITURE OVER REVENUE BEFORE GOVERNMENT SUBSIDY	622 079	1 260 544
SUBSIDY FROM THE GOVERNMENT	<u>552 083</u>	<u>1 288 324</u>
SURPLUS EXPENDITURE OVER REVENUE AND OPERATING SUBSIDY	69 996	(27 780)
DEFICIT AT THE BEGINNING	<u>145 384</u>	<u>173 164</u>
DEFICIT AT YEAR-END	<u><u>215 380 \$</u></u>	<u><u>145 384 \$</u></u>

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

NOTES TO FINANCIAL STATEMENTS

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Under its founding Act, the Société du Grand Théâtre de Québec replaces the Régie du Grand Théâtre de Québec, assuming the latter's powers and obligations as well as its rights. The Société has been given responsibility for administering the Grand Théâtre de Québec and for staging entertainment.

2 - ACCOUNTING POLICIES

Société financial statements were prepared by management within the bounds of particular accounting practice summarized as follows:

Inventories

Inventories are valued at the lesser of cost price or net realization value. Cost is determined according to the FIFO method.

3 - FIXED ASSETS

Fixed assets

Fixed assets are recorded at cost, with depreciation charged according to the straight-line method as follows:

Electronic box office	6.6 %
Furnishings	20 %
Communications system	50 %

Expenditure assumed by the Government

The premises occupied by the Société are the property of the Government, which assumes the cost of municipal taxes and major repairs. The Société is responsible for maintenance.

	August 31, 1982			March 31, 1982	
	Cost	Accumulated Depreciation	Net	Net	
Electronic box office	224 578 \$	215 844 \$	8 734 \$	14 973 \$	
Communications system	17 363	12 299	5 064	8 681	
Leasehold improvements	9 114	3 797	5 317		
Office furniture	108 555	108 555			
Equipment	91 514	91 514			
Restaurant furnishings	55 043	55 043			
	506 167 \$	487 052 \$	19 115 \$	23 654 \$	

4 - PREMISES

The building housing the Grand Théâtre de Québec is the property of the Government and as such no rent is charged the Société. The lease which expired September 30, 1980 has not been renewed.

5 - OPERATIONS

Société operations were interrupted by a four-month strike of its employees during the current fiscal period.

6 - ANCILLARY SERVICES

	August 31, 1982 (5 months)	March 31, 1982 (12 months)
REVENUE		
Staging	5 849 \$	570 498 \$
Workshops	35 885	211 565
Bars	3 728	149 123
Advertising	7 919	141 575
Restaurant		191 575
	53 381 \$	1 264 336 \$

EXPENDITURE

Staging	69 283 \$	633 716 \$
Workshops	37 274	207 567
Bars	4 470	95 440
Advertising	14 628	160 779
Restaurant		216 140
	125 655 \$	1 313 642 \$

7 - ADMINISTRATIVE SERVICES

	August 31, 1982 (5 months)	March 31, 1982 (12 months)
Wages, salaries and fringe benefits	156 069 \$	419 653 \$
Professional fees	31 242	45 945
Travel	15 325	31 824
Communications	15 486	38 249
Stationery and supplies	4 062	24 898
Other expenses	13 730	87 939
	235 914 \$	648 508 \$

8 - SUPPORT SERVICES

Maintenance, security and electricity	309 686 \$	860 744 \$
Auditorium operations	13 366	224 408
Box office operations	132 868	301 960
Public relations	15 158	56 978
	471 078 \$	1 444 110 \$

9 - COMPARATIVE FIGURES

Certain data from financial statements for the fiscal year ended March 31, 1982, examined by other auditors, were reclassified for purposes of comparison with the presentation used for the fiscal period ended August 31, 1982.

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

R.S.Q., c. S-14.1

AUDITOR'S REPORT

I have examined the balance sheet of the Société du Palais des congrès de Montréal at March 31, 1983 as well as the statement of revenue, expenditure and surplus for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as the results of its operations for the fiscal year then ended according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, September 7, 1983.

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

R.S.Q., c. S-14.1

BALANCE SHEET
as at March 31, 1983

	<u>1983</u>	<u>1982</u>
ASSETS		
Cash		
Term deposits and accrued interest	186 720 \$	95 653 \$
Receivable from the Société de développement immobilier du Québec	403 636	252 598
Prepaid expenses	114 432	
	<u>23 665</u>	<u>25 897</u>
	<u><u>728 453 \$</u></u>	<u><u>374 148 \$</u></u>
LIABILITIES		
Accounts payable and accrued charges		
Customer deposits	307 149 \$	132 251 \$
	<u>135 713</u>	
SURPLUS	442 862	132 251
	<u>285 591</u>	<u>241 897</u>
	<u><u>728 453 \$</u></u>	<u><u>374 148 \$</u></u>

CONTINGENT LIABILITY (Note 3)

ON BEHALF OF THE SOCIÉTÉ,

Justine SENTENNE
Roger PRIVÉ

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL
REVENUE, EXPENDITURE AND SURPLUS
 for the fiscal year ended March 31, 1983

	1983	1982
EXPENDITURE		
Wages, salaries and fringe benefits	1 034 717 \$	410 505 \$
Travel	66 993	53 396
Advertising	453 407	122 477
Telephone and courier services	58 382	26 948
Professional and administrative services	516 309	176 423
Rent, maintenance and repairs	294 086	144 999
Stationery and printing	45 894	35 770
Furniture and equipment	16 757	40 269
Other administrative charges	56 429	6 364
	<u>2 542 974</u>	<u>1 017 151</u>
REVENUE		
Interest — net	86 668	9 048
SURPLUS EXPENDITURE OVER REVENUE	2 456 306	1 008 103
OPERATING SUBSIDY FROM THE GOVERNMENT	2 500 000	1 250 000
SURPLUS REVENUE AND SUBSIDY OVER EXPENDITURE	43 694	241 897
SURPLUS AT THE BEGINNING	241 897	
SURPLUS AT YEAR-END	<u>285 591 \$</u>	<u>241 897 \$</u>

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL**NOTES TO FINANCIAL STATEMENTS**
at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Founded under a special Act which came into force July 16, 1981, the Société du Palais des congrès de Montréal has been given the responsibility of administering the Palais des congrès convention centre in Montréal, operating the related businesses and carrying on activities that would contribute to its development.

The Société may replace the Société de développement immobilier du Québec as far as furnishing and improving the Palais des congrès is concerned, under the terms and timetable set by the Government.

The Société may rent or acquire fixed assets and furnishings, either alone or with others, presently owned by the Société de développement immobilier du Québec, according to the conditions the Government sets.

2 - ACCOUNTING POLICIES

Société financial statements were prepared by management using the accrual method, within the bounds of accounting practice summarized as follows:

Fixed assets

The purchase of furniture and equipment is charged to operations at the time of acquisition.

3 - CONTINGENT LIABILITY

A potential customer has filed a claim for damages and interest in the amount of \$ 514 000 following the Société's purported failure to respect a rental commitment. At the time these financial statements were under preparation, negotiations between the parties had begun with a view to reach a settlement.

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

R.S.Q., c. S-15

AUDITOR'S REPORT

I have examined the balance sheet of the Société du parc industriel du centre du Québec du Québec at March 31, 1983 as well as the statement of revenue and expenditure of the Operating Fund and that of the deficit balance of the Capital Investment Fund for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as the results of its operations for the fiscal year then ended, according to the accounting policies in Note 2, applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 7, 1983.

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

R.S.Q., c. S-15

BALANCE SHEET
as at March 31, 1983

	1983	1982 (Note 9)
ASSETS		
OPERATING FUND		
Cash and term deposits	1 048 453 \$	490 905 \$
Accounts receivable	323 445	206 024
Advances to the Capital Investment Fund		273 771
	<u>1 371 898 \$</u>	<u>970 700 \$</u>
CAPITAL INVESTMENT FUND		
Advances to the Capital Investment Fund	291 648 \$	
Lots for sale	4 670 568	4 645 434 \$
Fixed assets (Note 3)	33 457 872	32 031 451
	<u>38 420 088 \$</u>	<u>36 676 885 \$</u>
LIABILITIES		
OPERATING FUND		
Accounts payable and accrued charges	336 460 \$	302 529 \$
Owed the Capital Investment Fund	291 648	
Owed the Government	743 790	668 171
	<u>1 371 898 \$</u>	<u>970 700 \$</u>
CAPITAL INVESTMENT FUND		
Holdbacks on contracts and on going estimates	300 635 \$	147 874 \$
Deposits on lot sales	448 480	322 904
Owed the Operating Fund		273 771
Advances from the Government (Note 4)	39 985 600	38 055 600
	<u>40 734 715</u>	<u>38 800 149</u>
Deficit balance of the Fund	2 314 627	2 123 264
	<u>38 420 088 \$</u>	<u>36 676 885 \$</u>

COMMITMENT AND CONTINGENT LIABILITY (Note 8)

ON BEHALF OF THE SOCIÉTÉ,

Réal FORTIN
Gérard FRADET

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC
REVENUE AND EXPENDITURE OF THE OPERATING FUND
 for the fiscal year ended March 31, 1983

	1983	1982
		(Note 9)
REVENUE (Note 5)	762 614 \$	688 592 \$
EXPENDITURE		
Wages, salaries and allowances	547 016	538 045
Property taxes	463 101	343 811
Société participation in the water and sewage network of the Ville de Bécancour	497 605	589 918
Furnishings and equipment	12 430	10 531
Interest on advances	3 641 736	3 411 352
Other	772 715	604 570
	5 934 603	5 498 227
Less:		
Expenditure assumed by the Government (Note 6)	4 968 196	4 508 761
Expenditure assumed by the Société (Note 7)	966 407	989 466
SURPLUS EXPENDITURE OVER REVENUE TRANSFERRED TO THE DEFICIT BALANCE OF THE CAPITAL INVESTMENT FUND	203 793 \$	300 874 \$

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC
DEFICIT BALANCE OF THE CAPITAL INVESTMENT FUND
 for the fiscal year ended March 31, 1983

	1983	1982
Deficit balance at the beginning	2 123 264 \$	1 827 556 \$
Transfer of surplus expenditure over revenue for the year from the Operating Fund	203 793	300 874
Acquisition of furnishings and equipment	(12 430)	(10 531)
Loss on disposal of fixed assets		5 365
Deficit balance at year-end	<u>2 314 627 \$</u>	<u>2 123 264 \$</u>

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS **at March 31, 1983**

1 - CONSTITUTION AND SCOPE OF ACTIVITY

Founded under the Act respecting the Société du parc industriel du centre du Québec, the Société has been given the task of promoting the industrial development of the Bécancour area by establishing an industrial park there and erecting the facilities required for its operation. Under the terms of its constitutive Act, the funds from Société operations are to be used to pay taxes and reimburse the corporation's debts and commitments, as well as any Government advances it receives, with any remaining balance to be transferred to the Consolidated Revenue Fund.

2 - ACCOUNTING POLICIES

Société financial statements were prepared by management using fund accounting according to the accrual method, within the bounds of the particular practices summarized as follows:

Lots for sale

Lots to be sold are recorded at cost of acquisition. Municipal and school taxes, along with any interest charges in connection with these lots, are posted to Operating Fund expenditure.

Sale of a lot is entered at the time the deed is notarized.

Fixed assets

Fixed assets are shown at their original cost, with no depreciation charged.

Expenses not shown on the statement of revenue and expenditure

The statement of revenue and expenditure does not reflect the cost of fringe benefits paid to Société employees nor of support services such as telephone and other charges, assumed by the various departments.

3 - FIXED ASSETS

	March 31, 1982	Capital Additions	March 31
Land	37 710 \$	2 421 \$	40 131 \$
Building	4 208 831	1 500	4 210 331
Water and sewage	4 774 666		4 774 666
Roads and streets	4 987 325	5 970	4 993 295
Warehousing and parking	239 693		239 693
Port facilities	13 765 965	1 356 850	15 122 815
Water treatment facilities	3 165 322	47 250	3 212 572
Rail network	278 420		278 420
Office furniture	56 668	5 461	62 129
Equipment	128 870	6 969	135 839
Machinery	233 193		233 193
Rolling-stock	154 788		154 788
	<u>32 031 451 \$</u>	<u>1 426 421 \$</u>	<u>33 457 872 \$</u>

4 - ADVANCES FROM THE GOVERNMENT

Gouvernement du Québec advances bear interest between 8.3% and 17.1%.

	1983	1982
Balance at the beginning	38 055 600 \$	37 455 600 \$
Advances during the fiscal year	1 930 000	600 000
Balance at year-end	<u>39 985 600 \$</u>	<u>38 055 600 \$</u>

5 - REVENUE

	1983	1982
Rental income - buildings	62 336 \$	142 909 \$
Rental income - land	10 078	14 419
Port duties	300 224	156 333
Industrial water treatment	198 947	191 357
Drinking water treatment	51 351	56 351
Interest on bank and term deposits	114 989	97 040
Sundry	24 689	30 183
	<u>762 614 \$</u>	<u>688 592 \$</u>

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd) at March 31, 1983

6 - EXPENDITURE ASSUMED BY THE GOVERNMENT

	1983	1982 (Note 9)	Cumulative (December 1968 through March 31, 1983)
Wages, salaries and allowances	547 016 \$	538 045 \$	4 007 866 \$
Interest on advances	3 641 736	3 411 352	27 530 519
Other	767 014	548 833	3 912 612
	<u>4 955 766</u>	<u>4 498 230</u>	<u>35 450 997</u>
Furnishings and equipment	12 430	10 531	123 933
	<u>4 968 196 \$</u>	<u>4 508 761 \$</u>	<u>35 574 930 \$</u>

7 - EXPENDITURE ASSUMED BY THE SOCIÉTÉ

	1983	1982
Société participation in the Bécancour water and sewage networks	497 605 \$	589 918 \$
Property taxes	463 101	343 811
Bad debts	1 119	55 667
Other	4 582	70
	<u>966 407 \$</u>	<u>989 466 \$</u>

8 - COMMITMENT AND CONTINGENT LIABILITY

Under the terms of an agreement between the Ville de Bécancour and the Government that was ratified on April 11, 1973, the Société is authorized to take part in financing, until 2011, the water and sewage networks serving part of the town and the industrial park.

The Société has committed itself to servicing the annual debt with respect to two loans taken out by the Ville de Bécancour, less any subsidies from the ministère des Affaires municipales in connection with these borrowings and certain other revenue sources.

The outstanding balance amounted to \$3 248 835 at March 31, 1983 on original bond issues of \$3 600 000.

Lawsuits in the amount of about \$2 033 000 have been filed against the Société. Since the opinion of the Société and its legal counsel is that no significant liability can result from court action, there has been no accounting provision set aside for this purpose.

9 - COMPARATIVE FIGURES

Certain data from 1982 were reclassified for purposes of comparison with the presentation used in 1983.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

R.S.Q., c. S-17 and amendments

AUDITOR'S REPORT

To the Société générale de financement du Québec
shareholder:

We have examined the consolidated balance sheet of the Société générale de financement du Québec at December 31, 1982 and the consolidated statements of operating results, retained earnings and of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial position of the Société générale de financement du Québec at December 31, 1982 as well as its operating results and the change in its financial position for the fiscal year then ended, according to generally accepted accounting principles, applied on a basis consistent with that of the previous year.

SAMSON BÉLAIR,
Chartered Accountants

Montréal, March 10, 1983.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

R.S.Q., c. S-17 and amendments

CONSOLIDATED BALANCE SHEET

at December 31

(\$ THOUSANDS)

	1982	1981
CURRENT ASSETS		
Cash and term deposits	98 550	136 562
Accounts receivable	141 585	126 586
Contracts in progress and inventories (Note 2)	96 156	101 349
Prepaid expenses	1 757	2 154
	<u>338 048</u>	<u>366 651</u>
OTHER ASSETS		
Holdbacks and claims receivable	4 626	7 100
Investments (Note 3)	157 982	167 837
Fixed assets less depreciation of \$ 169 183 000 (\$ 142 824 000 in 1981)	491 339	431 848
Goodwill	3 820	3 976
	<u>657 767</u>	<u>610 761</u>
	<u>995 815</u>	<u>977 412</u>
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	48 707	35 414
Accounts payable	114 783	107 447
Deferred income and deposits on contracts	8 920	8 872
Income tax	7 480	3 148
Current portion of long-term debt	17 578	17 438
	<u>197 468</u>	<u>172 319</u>
OTHER LIABILITIES		
Long-term debt (Note 5)	308 145	420 402
Deferred income tax	50 696	51 737
Minority shareholders' interest	202 794	143 833
	<u>561 635</u>	<u>615 972</u>
SHAREHOLDER EQUITY		
Capital stock (Note 6)	125 665	137 665
Contributed surplus	2 510	2 510
Retained earnings	38 537	48 946
	<u>236 712</u>	<u>189 121</u>
	<u>995 815</u>	<u>977 412</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

J.C. LEBEL, director

Fernand PARÉ, director

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC
CONSOLIDATED STATEMENT OF OPERATING RESULTS

for the fiscal year ended December 31

(\$ THOUSANDS)

	1982	1981
Revenue from operations	829 770	801 132
Profit before the following:	87 030	118 172
Depreciation on fixed assets	27 407	24 396
Other depreciation	823	454
Interest and charges on long-term debt	35 729	35 924
Interest and charges on short-term debt	11 600	9 472
	75 559	70 246
Operating profit	11 471	47 926
Add:		
Investment earnings	14 805	17 525
Share in profit (loss) of affiliates	(815)	3 924
	13 990	21 449
Less:		
Income tax	16 078	33 994
Profit before extraordinary items and minority shareholders' interest	9 383	35 381
Extraordinary items (Note 7)	5 114	12 893
	14 497	48 274
Profit before minority shareholders' interest	24 906	27 963
Minority shareholders' interest	(10 409)	20 311
Profit (loss) for the year		

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the fiscal year ended December 31

(\$ THOUSANDS)

	1982	1981
Retained earnings at the beginning	48 946	26 608
Profit (loss) for the year	(10 409)	20 311
Tax benefit		2 116
Sundry adjustments to subsidiaries' retained earnings		(89)
Retained earnings at year-end	38 537	48 946

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended December 31
(\$ THOUSANDS)

	1982	1981
SOURCE OF FUNDS		
Funds from operations before extraordinary items (Note 8)	39 945	74 816
Issue of common stock	58 000	15 000
Increase in minority shareholders' interest	36 638	
Net increase in long-term debt		207 568
Dividends from unconsolidated affiliates	5 821	4 284
Decrease in holdbacks and claims receivable	2 474	
Sale of investments	5 412	15 046
	<u>148 290</u>	<u>316 714</u>
APPLICATION OF FUNDS		
Increase in holdbacks and claims receivable		4 450
Decrease in minority shareholders' interest		5 195
Acquisition of fixed assets (net)	89 635	127 097
Increase in investments (net)		145 124
Decrease in long-term debt (net)		
Tax benefit	112 257	2 116
Miscellaneous	150	257
	<u>202 042</u>	<u>284 239</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(53 752)	32 475
WORKING CAPITAL AT THE BEGINNING	194 332	161 857
WORKING CAPITAL AT YEAR-END	<u>140 580</u>	<u>194 332</u>

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS for the fiscal year ended December 31, 1982

1 - SUMMARY OF MAJOR ACCOUNTING POLICIES

(a) Consolidation

The Consolidated financial statements include the accounts of all subsidiaries and affiliates in which the Société générale de financement (SGF) plays an active role on the decisional level. These companies and the SGF share in them detail as follows:

	% Share	
	1982	1981
Dofor inc. and its subsidiary*	85	
Donohue inc. and its subsidiaries		55
Marine Industrie Limitée and its subsidiaries	65	65
Éthylec inc.**	100	100
Cegelec Entreprises inc. and its subsidiaries	50	50
Forano inc. and its subsidiary	100	100
Cegelec Industrie inc. and its subsidiary	50	50
Volcano inc.	100	100
Industries Tanguay inc.***	99	
Artopex Canada ltée and its subsidiary	60	60
bio-Méga inc. and its subsidiary	100	
John Meunier inc.	63	63
Société de montage automobile-Soma inc.	100	100
Solobec ltée	100	100

The operating results of subsidiaries and affiliates are included in the consolidated results as of the acquisition or sale of the SGF share in such companies.

* Dofor inc. acquired 55% of Donohue inc. common shares issued from the SGF.

** This subsidiary's accounts represent the company's share in Pétromont, a partnership, and Pétromont inc. and are recorded according to the equity method.

*** The SGF acquired this company from its subsidiary Forano inc. which held a 77.2% interest in the company in 1981.

(b) Investments

Investments in other companies of which the SGF holds sufficient shares to exercise an influence on decisions are presented at their equity value. All other investments are shown at cost.

(c) Inventories

Supplies are inventoried at the lesser of average cost and net realization value.

3 - INVESTMENTS

Investments at equity value

SGF:	
Nouveler inc.	
Investissements Novacap inc.	
Sogefor ltée	
Domtar inc.	
DOFOR inc.	
Domtar inc.	
J.E. Therrien inc.	

Investments, at cost

Bombardier inc.	
(market value of \$4 956 000)	
Other	

(d) Fixed assets and depreciation

Fixed assets are entered at their cost of acquisition, less any related grants. Almost all depreciation is charged according to the straight-line method over the anticipated service life of an asset.

(e) Goodwill

Goodwill is amortized according to the straight-line method over twenty and forty years.

(f) Income tax

Profits of the SGF and its wholly-owned subsidiaries are not subject to income tax. Companies subject to tax make use of income tax deferral. Deferred tax mainly results from the difference between capital cost allowances claimed for tax purposes and depreciation recorded on the books.

(g) Recording revenue

Revenue is entered when the products are delivered or the services provided. However, a subsidiary whose main activity is construction records revenue according to the progress of work on a project.

Where losses can be projected, provision is set aside for such on the books.

(h) Foreign currency

Current assets and liabilities are expressed in terms of Canadian dollars at the exchange rate in effect at the end of the fiscal year. Other asset and liability items are converted at the rate in effect when the transaction occurs. Items in the statement of operating results are converted at the average exchange rate for the fiscal year.

2 - CONTRACTS IN PROGRESS AND INVENTORIES

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Contracts in progress, at cost	132 382	138 237
Less:		
Current invoicing	143 205	149 584
	(10 823)	(11 347)
Inventories	106 979	112 696
	<u>96 156</u>	<u>101 349</u>

	1982		1981	
	% Share	(\$ THOUSANDS)	% Share	(\$ THOUSANDS)
Investments at equity value				
SGF:				
Nouveler inc.	35	1 440	35	1 584
Investissements Novacap inc.	25	1 106	25	1 009
Sogefor ltée			50	3 106
Domtar inc.			22	146 086
DOFOR inc.				
Domtar inc.	21	139 722		
J.E. Therrien inc.	49	7 159	49	7 595
		<u>149 427</u>		<u>159 380</u>
Investments, at cost				
Bombardier inc.				
(market value of \$4 956 000)	6	7 122	6	7 122
Other		1 433		1 335
		<u>8 555</u>		<u>8 457</u>
		<u>157 982</u>		<u>167 837</u>

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
for the fiscal year ended December 31, 1982

4 - BANK INDEBTEDNESS

Advances from banks are secured by the assignment of accounts receivable, inventories and certain other assets for a book value of \$92 587 000.

5 - LONG-TERM DEBT

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
SGF:		
Notes payable to shareholder, 10 1/4%, due from 1988 through 1992	15 000	15 000
Guaranteed notes, 7%, due February 1, 1982		2 700
Bank loan at prime rate		145 770
	<u>15 000</u>	<u>163 470</u>
Subsidiaries:		
Bonds and debentures:		
* Sinking fund bonds, bearing rates from 10% to 11 1/4%, maturing in 1997	132 714	141 565
Guaranteed bonds, at 5% over prime, maturing in 1995	108 000	65 189
Bonds, 11 1/4%, payable in variable annual instalments, maturing in 1991	10 010	10 535
Sinking fund bonds, at 6 1/4% to 7%, maturing 1983 through 1988	1 416	1 653
Sinking fund debentures, at 6 1/2% to 11 1/4%, maturing 1983 through 1992	13 410	16 225
Guaranteed debentures, at 1 1/2% over prime, maturing in 1985	424	568
	<u>265 974</u>	<u>235 735</u>
Less debentures purchased to support a sinking fund	35	111
	<u>265 939</u>	<u>235 624</u>
Other:		
Notes payable, at various rates and dates due	40 459	35 680
Mortgages, royalties and miscellaneous	4 325	3 066
	<u>44 784</u>	<u>38 746</u>
Total debt	<u>325 723</u>	<u>437 840</u>
Less current portion	<u>17 578</u>	<u>17 438</u>
	<u>308 145</u>	<u>420 402</u>

* The SGF commitment to lend Donohue St-Félicien inc. the funds needed for total debt servicing is guaranteed by the Government.

Total long-term debt in the amount of \$308 145 000 includes \$209 139 000 in U.S. funds. If that part were converted at the exchange rate in effect on December 31, 1982, the total would be \$17 197 000 higher.

Payments on the long-term debt over the next five years detail as follows:

1983	17 578 000 \$
1984	25 297 000
1985	22 807 000
1986	24 068 000
1987	22 529 000

6 - CAPITAL STOCK

SGF shares are held by the Government

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Authorized (\$10 par value):		
deferred dividend shares (3 700 000 in 1981)		
26 500 000 common shares (22 800 000 in 1981)		
Issued and paid-up:		
3 700 000 deferred dividend shares in 1981		37 000
19 566 502 common shares (of which 5 800 000 for cash during 1982 and 3 700 000 following conversion of deferred dividend shares)	195 665	100 665
	<u>195 665</u>	<u>137 665</u>

During 1983 and 1984, the Government will subscribe 3 000 000 common shares and pay the SGF \$30 000 000. It also has until December 31, 1985 to pay an additional \$39 334 980 for 3 933 498 common shares it could subscribe.

7 - EXTRAORDINARY ITEMS

These include:

- (a) a gain of \$2 720 000 (\$2 642 000 in 1981) resulting from a reduction of income tax on reporting losses from former years. The SGF share of this gain is \$1 539 000 (\$2 134 000 in 1981) and that of minority shareholders, \$1 181 000 (\$508 000 in 1981);
- (b) a gain of \$2 394 000 (\$809 000 in 1981) on the sale of investments;
- (c) a gain of \$9 442 000 in 1981 resulting from the increased book value of the SGF share in Donohue inc., i.e., the conversion of preferred stock into common shares of that subsidiary.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS (cont'd)
for the fiscal year ended December 31, 1982

8 - FUNDS FROM OPERATIONS

	1982 (\$ THOUSANDS)	1981 (\$ THOUSANDS)
Net profit (loss) for the year	(10 409)	20 311
Extraordinary item, after subtracting minority shareholders' interest	(3 933)	(12 385)
	(14 342)	7 926
Items having no impact on working capital:		
Depreciation on fixed assets	27 407	24 396
Other depreciation	823	454
Gain on the disposal of fixed assets	(162)	(475)
Deferred income tax	1 679	18 984
Share in the losses (profits) of subsidiaries	815	(3 924)
Minority shareholders' interest, including their share of extraordinary item	23 725	27 455
	<u>39 945</u>	<u>74 816</u>

9 - COMMITMENTS

Purchase of a subsidiary's preferred shares

Under the terms of an agreement reached in 1982, the SGF made a commitment toward the minority shareholder of a subsidiary to ensure it respects its charter in buying back preferred shares issued, providing it has sufficient liquidity. Related provisions detail as follows:

- (i) \$41 000 000 of class "A" preferred shares, 12% cumulative to February 1, 1984 and 17% thereafter, redeemable in five equal payments on February 1, 1987 through 1991 at par plus a premium ensuring a cash yield of 17.25% compounded quarterly;
- (ii) \$30 000 000 of class "B" preferred shares, redeemable in two equal payments on December 31, 1991 and 1992 at 175% of book value on an unconsolidated basis.

The SGF will post redemption premiums to its consolidated results at the time of the subsidiary's payment.

Investissements Novacap inc.

Under the terms of an agreement reached in 1981, the SGF made a commitment to invest \$1 million in the capital stock of Investissements Novacap inc., on or before October 31, 1983.

Bio-Méga inc.

The SGF made a commitment to invest \$650 000 in the capital stock of Bio-Méga before May 23, 1983. As of January 1983, \$300 000 has been invested.

Other

The SGF has also become guarantor of commitments by some subsidiaries in joint ventures as well as certain insurance companies.

Actuarial deficit

The pension plan deficit of a subsidiary amounting to \$1 293 000 will be covered by annual instalments of \$174 700 through 1994, charged to operations.

Leases

Major leases under which the companies are presently committed through 1990 amount to \$5 150 000. Annual payments detail as follows: 1983, \$1 828 000; 1984, \$1 348 000; 1985, \$1 041 000; 1986, \$390 000; 1987, \$160 000; 1988-1990, \$383 000.

10 - SUBSEQUENT EVENT

Nouveler inc.

The SGF invested \$875 000 in the capital stock of Nouveler inc. in January 1983, maintaining its interest at 35% in that company.

12 - BUSINESS WITH GOVERNMENT CORPORATIONS

In the normal course of affairs, some member-firms of the Groupe SGF made sales to other Government corporations. These transactions took place on a regular business basis.

SOCIÉTÉ NATIONALE DE L'AMIANTE – SNA

S.Q., 1978, c. 42, S.Q., c. 44

AUDITOR'S REPORT

To the minister responsible for the
Société nationale de l'Amiante

We have examined the consolidated statement of operating results, that of change in financial position and that of deficit of the Société nationale de l'amiante for the fiscal year ended March 31, 1983 and the consolidated balance sheet at that date, having obtained all the information and explanations requested. Our examination was made in accordance with generally accepted auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

Relying on the information and explanations given us and that shown on the books, our opinion is that these statements accurately present the results of operations and the change in financial position of the Société nationale de l'amiante for the fiscal year ended March 31, 1983 as well as its financial situation on that date, according to generally accepted accounting principles, applied on a basis consistent with that of the previous year.

MAHEU, NOISEUX,
Chartered Accountants

Thetford Mines, May 6, 1983.

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

S.Q., 1978, c. 42, S.Q., c. 44

CONSOLIDATED BALANCE SHEET

as at March 31, 1983

(\$ THOUSANDS)

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash and term deposits	22 198	25 765
Accounts receivable	39 247	37 765
Inventories (Note 4)	95 633	136 844
Prepaid expenses	2 397	3 073
	<u>159 475</u>	<u>203 447</u>
INVESTMENTS		
Investments in subordinate companies (Note 5)	3 194	1 669
Other investments, at cost	1 956	850
	<u>5 150</u>	<u>2 519</u>
FIXED ASSETS (Note 6)	<u>154 708</u>	<u>156 675</u>
OTHER ASSETS (Note 7)	<u>40 210</u>	<u>41 944</u>
	<u>359 543</u>	<u>404 585</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft and loans (Note 8)	74 705	87 163
Accounts payable and accrued charges	25 994	27 441
Long-term debt payments due within a year	3 330	4 599
	<u>104 029</u>	<u>119 203</u>
LONG-TERM DEBT (Note 9)	<u>52 738</u>	<u>47 726</u>
	<u>156 767</u>	<u>166 929</u>
DEFERRED INCOME TAX	<u>20 783</u>	<u>33 561</u>
MINORITY SHAREHOLDER INTEREST	<u>151 037</u>	<u>168 539</u>
SHAREHOLDER EQUITY		
Capital stock (Note 10)	49 097	36 897
Deficit	(18 141)	(1 341)
	<u>30 956</u>	<u>35 556</u>
	<u>359 543</u>	<u>404 585</u>
CONTINGENT LIABILITIES (Note 13)		

ON BEHALF OF THE BOARD OF DIRECTORS,

André SAUMIER
Daniel PERLSTEIN
Directors

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

CONSOLIDATED STATEMENT OF OPERATING RESULTS
for the fiscal year ended March 31, 1983
(\$ THOUSANDS)

	1983	1982
COMMERCIAL OPERATIONS		
Sales	157 278	88 141
Operating profit (loss) (Note 15)	<u>(13 581)</u>	<u>5 480</u>
DEVELOPMENT		
Undeferred development charges on industrial projects	3 841	736
General research costs	704	911
Administrative expenses	<u>1 495</u>	<u>1 489</u>
Interest earned on term deposits	6 040	3 136
Cost of development activities	<u>778</u>	<u>505</u>
	<u>5 262</u>	<u>2 631</u>
FIRM ACQUISITIONS		
Financing costs	1 231	4 063
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEM	<u>(20 074)</u>	<u>(1 214)</u>
Extraordinary item (Note 3)	3 274	(899)
NET PROFIT (LOSS)	<u>(16 800)</u>	<u>(2 113)</u>

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31, 1983

(\$ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Net profit (loss)	(16 800)	(2 113)
Items requiring no movement of funds:		
Depreciation on fixed and other assets	13 051	10 478
Undeferred development charges on industrial projects	3 841	736
Deferred income tax	(11 782)	(1 367)
Minority shareholders' interest in share of profits (losses) of certain subsidiaries	(17 491)	974
Share in the profit of subordinate companies	(114)	(116)
Gain on the sale of investments and fixed assets	(3 271)	(26)
Funds from (used for) operations	(32 566)	8 566
Issue of capital stock	12 200	6 800
Loan from Mines-SNA Inc.		17 252
Long-term borrowings	11 823	141
Sale of investments and fixed assets	6 763	30
Receipts on long-term loans and miscellaneous	134	205
Subsidiaries' working capital upon acquisition		74 310
	(1 646)	107 304
APPLICATION OF FUNDS		
Investment by sector: (Relevé 12)		
Mines	4 146	26 090
Asbestos-cement products	1 555	1 305
Asbestos paper	833	2 118
Wire and friction materials	1 559	414
Magnesium	8 120	865
New products	1 912	2 238
	18 125	33 030
Decrease in long-term debt	6 811	732
Sundry	2 216	118
	27 152	33 880
INCREASE (DECREASE) IN WORKING CAPITAL	(28 798)	73 424
WORKING CAPITAL AT THE BEGINNING	84 244	10 820
WORKING CAPITAL AT YEAR-END	55 446	84 244

CONSOLIDATED DEFICIT
for the fiscal year ended March 31, 1983
(\$ THOUSANDS)

	1983	1982
BALANCE AT THE BEGINNING	(1 341)	772
Net profit (loss)	(16 800)	(2 113)
BALANCE AT YEAR-END	(18 141)	(1 341)

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND SCOPE OF ACTIVITY

The Société nationale de l'amiante (SNA) is a corporation whose shares are entirely held by the Government; it was founded by the Act to establish the Société nationale de l'amiante (S.Q., 1978, c. 42, amended by S.Q., 1979, c. 44). Under that Act, the SNA was given the role of seeking out and mining asbestos deposits, as well as carrying on all industrial, manufacturing or commercial activities in connection with the processing of asbestos fibre and research into the development of new uses for the material and methods of processing it.

2 - MAJOR ACCOUNTING POLICIES

Consolidation

The consolidated financial statements encompass the accounts of the SNA and its subsidiaries, which are the following:

% of Voting Shares	Votes	Profit
Mines-SNA Inc.	51.4	17.4
Les Mines d'Amiante Bell, Ltée	100,	100,
Atlas Turner Inc.	100,	100,
Turners Building Products Ltd.	90,	90,
Lupel-SNA Inc.	100,	100,
Filaq-SNA Inc.	67.7	67.7
Descon-SNA Inc.	55,	55,

The accounts of Mines-SNA Inc. include those of the Société Asbestos Ltée, 54.6% controlled by Mines-SNA Inc.

Capital stock issued by Mines-SNA INC. is comprised of 21 124 class "A" common shares with 5 votes per share and 100 000 other common shares with one vote each. The SNA holds 21 124 class "A" shares, which assures it 51.4% of voting rights yet only 17.4% of operating results since there are 100 000 other common shares. Considering that Mines-SNA Inc. holds 54.6% of stock issued by Société Asbestos Limitée, the SNA has 9.5% share in the operating results of that company.

Investments in subordinate companies are recorded at cost, plus a share of profits since acquisition (equity method) less the difference between the cost of acquisition and the book value of participating shares, amortized over ten years.

Other participating investments are recorded at the lesser of cost price and net realization value; earnings are entered only when dividends are received.

Inventories

inventories are valued according to the FIFO and average cost methods.

Fixed assets

Fixed assets are recorded at cost less depreciation, based on their anticipated service life.

Other assets

- Deferred development charges for mining claims

The costs of developing mining claims are amortized on a straight-line basis or in proportion to the amount of recovered mineral used.

- Deferred development charges on industrial projects

These are expenditures on pilot projects and new products that have are likely to be manufactured on an industrial scale within the next five years.

The costs are deferred while the project has a chance of success, to be charged to the project itself when operational, otherwise to the year's operating results.

- Deferred start-up costs

These represent the production costs for new products until commercially viable, whereupon they are amortized according to the straight-line method over a reasonable period.

- Customer search and difference between the acquisition cost of new investments and their book value

The spread between the cost of acquisition and the book value is amortized on a straight-line basis over ten years while that relating to the search for customers, over four.

Income tax

Being a corporation whose shares are all held by the Government, the Société nationale de l'amiante is not subject to income tax, nor are its wholly-owned subsidiaries.

As for other subsidiaries, the interperiod tax allocation method is used.

Pension plans

There are several pension plans in effect. The cost of current service is charged to operations in the fiscal year when capitalization is required. The cost of past service is capitalized on the basis of periodic actuarial valuations and charged to operations when payment takes place.

Foreign currency

Asset and liability items in foreign currency are expressed in Canadian dollars at the exchange rate in effect at the end of the fiscal year, except for certain inventories, fixed assets and long-term debt, converted at the rate when produced, acquired or borrowed. Revenue and expenditures in foreign currency, except for inventories and amortization, are converted at the average rate for the fiscal year. Gains or losses on currency exchange are charged to operations.

3 - EXTRAORDINARY ITEM

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Gain on disposal of fixed assets	3 274	
Costs related to lawsuits concerning asbestos		(899)
	<u>3 274</u>	<u>(899)</u>

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 19834 - INVENTORIES AT THE LESSER OF COST AND NET
REALIZATION VALUE:

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Finished goods		
- asbestos	38 697	74 789
- manufactured products	3 660	3 855
Semi-finished goods		
- asbestos	27 350	30 974
- processed goods	524	498
Raw materials	2 085	1 443
Supplies	23 317	25 285
	<u>95 633</u>	<u>136 844</u>

6 - FIXED ASSETS

	Cost	Accumulated Depreciation	Amortized Cost 1983	Amortized Cost 1982
	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)	(\$ THOUSANDS)
Land and mining leases	37 655	22 218	15 437	13 961
Mining facilities	259 344	137 093	122 251	129 835
Manufacturing and other installations	22 891	5 871	17 020	12 879
	<u>319 890</u>	<u>165 182</u>	<u>154 708</u>	<u>156 675</u>

The cost of fixed assets includes \$6 268 000 for those held under capital lease contracts (\$5 866 000 in 1982).

7 - OTHER ASSETS

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Deferred development - mining claims, at amortized cost		
Deferred development charges on industrial projects, at cost	31 762	32 848
Deferred start-up costs, amortized	7 186	7 643
Customer search and spread between investment costs upon acquisition and book value, amortized	998	1 030
	<u>264</u>	<u>423</u>
	<u>40 210</u>	<u>41 944</u>

8 - BANK OVERDRAFT AND LOANS

Accounts receivable and inventories worth \$40 602 000 were given as guarantees for bank loans of \$14 236 000.

9 - LONG-TERM DEBT

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Bonds, at 1% of 1% over prime, payable in part or in whole upon notice of 45 to 90 days by the SNA, maturing March 31, 1996	23 500	23 500
Series "A" sinking- fund debentures, 994%, maturing July 15, 1990, the sinking fund requirements being \$1 million annually	9 998	11 000
Bank loans guaranteed under credit agreements, for 13 200 000 Deutschmarks, 3 300 000 DM payable annually through 1986, bearing interest at 10.25% yearly	4 107	5 173

5 - INVESTMENTS IN SUBORDINATE COMPANIES

Equity in common shares:

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
- Industries Trois R Inc.(30%)	34	10
- Distex-SNA Inc. (50%)	1 660	1 659
Loan, with interest conditional on profits		
- Distex-SNA Inc.	1 500	
	<u>3 194</u>	<u>1 669</u>

9 - LONG-TERM DEBT (cont'd)

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Bank loans, at 1% over prime, payable in 20 quarterly instalments beginning in 1985, secured by the fixed assets of a subsidiary, subject to early repayment at any time	10 000	
Other long-term debt, at various rates of interest, payable by periodic instalments, due from 1983 through 2000	3 402	2 937
Mortgage loans		4 000
Commitments under capital lease contracts at various rates of interest payable by periodic instalments, from 1983 through 1990	4 406	5 026
	<u>55 413</u>	<u>51 636</u>
Payments coming due within a year, accounting for the conversion of DM at the rates in effect when borrowing took place	2 675	3 910
	<u>52 738</u>	<u>47 726</u>

The long-term debt in Deutschmarks equals \$6 725 400 when converted into Canadian dollars at the exchange rate in effect on March 31, 1983, which represents an additional liability of \$2 618 058. Of that amount, only the portion coming due within a year (\$654 512) has been recorded on the SNA books.

Payments over the coming fiscal years:	(\$ THOUSANDS)
1983	3 330
1984	4 193
1985	6 207
1986	6 279
1987	3 513

These payments on the long-term debt include that in DM, converted into Canadian dollars at the rate in effect on March 31, 1983.

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

10 - CAPITAL STOCK

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
AUTHORIZED:		
250 000 common shares at \$1 000 par value		
ISSUED AND PAID-UP:		
49 097 shares		
(36 897 shares at March 31, 1982)	49 097	36 897

Pursuant to its constitutive Act, all Société nationale de l'amiante shares are part of the public domain and assigned to the Minister of Finance.

The SNA issued 12 200 common shares for \$12 200 000 during the fiscal year ended March 31, 1983.

11 - ACQUISITION OF MINES-SNA INC.

On February 12, 1982, the Société nationale de l'amiante subscribed 21 124 class A common shares of Mines-SNA Inc. (formerly General Dynamics (Canada) Limited) for an amount of \$17 251 544, with each share having 5 votes, thereby gaining the control of 51.4% of common stock voting rights.

In connection with this share subscription, SNA signed an agreement with its partner in Mines-SNA Inc., General Dynamics Corporation setting forth the terms of a sales option by that corporation and of an SNA purchase option for all common shares they hold in Mines-SNA Inc. General Dynamics may exercise its option between February 12, 1984 and February 12, 1987 by selling its shares to SNA for a total price of \$81 545 809, indexed at 16% beginning February 12, 1982. Payment of the share price would be made by means of promissory notes due on the day following their fifth anniversary.

12 - COMMITMENTS

Under the terms of an operating lease which expires December 31, 1997, a Société subsidiary has committed itself to making annual payment between \$1 325 000 and \$1 575 000 for a total of \$22 010 000, starting in 1983.

13 - CONTINGENT LIABILITIES

The Société guarantees the repayment of a bank loan granted to a subordinate company, Distex-SNA Inc., up to \$2 400 000 on authorized credit of \$7 144 000.

Borrowings amounted to \$6 844 000 at March 31, 1983.

Some SNA subsidiaries are among the companies cited as defendants in lawsuits before the courts in various states of the U.S. for damages purportedly resulting from asbestos-related illnesses. The number of claims filed did not decrease during the fiscal year. The companies admit no responsibility and are challenging the claims before courts in the United States. Should a decision be handed down in the U.S. against subsidiaries, it could not become executory before being validated by a competent Québec court, in the opinion of legal experts consulted. The liability of subsidiaries which might arise from these suits is in any case largely covered by insurance.

14 - COMPARATIVE FIGURES

Certain items from the previous year's financial statements were adjusted for purposes of the current presentation.

15 - OTHER INFORMATION

Net profit (loss) on commercial operations took the following into account:

	1983	1982
	(\$ THOUSANDS)	(\$ THOUSANDS)
Amortization		
Deferred development charges on mining claims		
Deferred start-up costs	1 301	3 238
Customer search and spread between the acquisition cost and book value of investments	104	277
Depreciation of fixed and other assets held under capital lease contracts	299	518
	11 347	6 445
	13 051	10 478
FINANCIAL CHARGES		
Net interest cost on long-term loans to finance firm acquisitions	1 231	4 063
Charged to operations:		
Interest on short-term loans	13 048	4 554
Interest on long-term loans	3 246	1 689
	16 294	6 243
INCOME TAX		
Income tax recovered	11 828	1 785
MINORITY SHAREHOLDER INTEREST		
Minority shareholder interest in the profit (loss) of certain subsidiaries	(17 491)	974
SUBORDINATE COMPANIES		
Share of net profits of subordinate companies	114	116

SOCIÉTÉ NATIONALE DE L'AMIANTE - SNA

ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS
for the fiscal year ended March 31, 1983

Investment by sector (\$ THOUSANDS)	Mines	Asbestos Cement	Asbestos Paper	Thread & Friction Materials	Magnesium	New Products	Total 1983	Total 1982
Investment in subsidiary and subordinate companies				1 519			1 519	17 262
Industrial project								
development costs and sundry	26	591	685		281	1 888	3 471	5 131
Acquisition of fixed assets	3 922	944	148	30	7 742	24	12 810	8 559
Development and start-up costs	198	20		10			228	1 943
Deferred charges plant					97		97	135
	4 146	1 555	833	1 559	8 120	1 912	18 125	33 030



SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21 and amendments

AUDITOR'S REPORT

To the Minister
of the Environment,
members of the board
of the Société québécoise
d'assainissement des eaux:

We have examined the balance sheet of the funds for operations, working capital, work in progress and financing of the Société québécoise d'assainissement des eaux at March 31, 1983, as well as the statement of Operating Fund revenue and expenditure and that of the change in working capital expenditure financed through long-term debt, for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances. We obtained all explanations and information requested.

Relying on the information and explanations given us and that shown on the books, our opinion is that these statements accurately present the financial situation of the Société at March 31, 1983 and its operations for the fiscal year then ended, according to widely accepted accounting principles and the particular practices of this type of corporation, applied on a basis consistent with that of the previous year.

MALETTE, BENOÎT, BOULANGER,
RONDEAU & ASSOCIÉS,
Chartered Accountants

Montréal, July 13, 1983.

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21 and amendments

OPERATING FUND

BALANCE SHEET

as at March 31

	1983	1982
ASSETS		
Accounts receivable (Note 3)	1 203 539 \$	1 075 481 \$
Prepaid expenses	27 110	20 622
	<u>1 230 649 \$</u>	<u>1 096 103 \$</u>
LIABILITIES		
Interim loans and outstanding cheques	769 788 \$	425 611 \$
Accounts payable and accrued charges (Note 4)	460 861	670 492
	<u>1 230 649 \$</u>	<u>1 096 103 \$</u>
Commitments (Note 5)		

WORKING CAPITAL

BALANCE SHEET

as at March 31

	1983	1982
ASSETS		
Expenditures financed through long-term debt	<u>1 836 360 \$</u>	<u>1 767 905 \$</u>
LIABILITIES		
Bank loans	<u>1 836 360 \$</u>	<u>1 767 905 \$</u>

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

R.S.Q., c. S-18.21 and amendments

WORK IN PROGRESS**BALANCE SHEET**

as at March 31

	1983	1982
ASSETS		
Accounts receivable		14 633 \$
EPIC studies (appendix)	13 474 644 \$	7 864 147
Water treatment (appendix)		
Upgrading	930 348	215 084
Handling of waste	29 857 971	15 632 507
Purification	14 483 590	2 888 107
	45 271 909	18 735 698
	58 746 553 \$	26 614 478 \$
LIABILITIES		
Accounts payable	2 498 558 \$	5 872 014 \$
Holdbacks on contracts	991 398	515 646
Contributions received	2 922 217	739 617
Assigned to work in progress on facilities	52 334 380	19 487 201
	58 746 553 \$	26 614 478 \$
Contingent liability (Note 6)		

FINANCING FUND**BALANCE SHEET**

as at March 31

	1983	1982
ASSETS		
To be reimbursed by:		
Ministère de l'Environnement –		
EPIC studies	10 935 057 \$	6 906 458 \$
Ministère de l'Environnement –		
work on facilities	32 473 627	10 806 479
Municipalities – work on facilities	6 672 763	1 773 671
	50 081 447 \$	19 486 608 \$
LIABILITIES		
Bank loans	50 081 447 \$	19 486 608 \$

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX
OPERATING FUND
REVENUE AND EXPENDITURE
 for the fiscal year ended March 31

	1983	1982
REVENUE		
Fees — ÉPIC studies	667 202 \$	511 127 \$
— Water treatment	2 400 494	1 001 386
	3 067 696	1 512 513
Contribution from working capital	21 345	1 319 793
	3 089 041	2 832 306
EXPENDITURE		
Employee remuneration	1 731 128	1 491 545
Transportation and communications	220 098	291 890
Professional, administrative and other services	354 735	425 727
Maintenance and repairs	34 659	6 153
Rent	255 671	176 891
Supplies	37 446	82 918
Fixed assets	35 818	283 964
Amortization on working capital	196 434	
Financial charges	197 749	72 751
Other	25 303	467
	3 089 041	2 832 306
	— \$	— \$

WORKING CAPITAL
**CHANGE IN EXPENDITURE FINANCED
THROUGH LONG-TERM DEBT**
 for the fiscal year ended March 31

	1983	1982
BALANCE AT THE BEGINNING	1 767 905 \$	
Appropriations		
Start-up costs		377 586 \$
Financial charges	243 544	70 526
Operating Fund appropriation	21 345	1 319 793
	264 889	1 767 905
	2 032 794	1 767 905
Contributions		
Amortization on working capital	196 434	
BALANCE AT YEAR-END	1 836 360 \$	1 767 905 \$

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

NOTES TO FINANCIAL STATEMENTS for the fiscal year ended March 31, 1983

1 - ACCOUNTING POLICIES AND PRACTICE

Société activities

The Société québécoise d'assainissement des eaux makes use of the particular practices of fund accounting, under regulations approved by its board of directors.

Operating Fund

Revenue:

Revenue derived from fees for the carrying out of studies related to water treatment and the construction of facilities is recorded in a tickler file. The Société bills the ministère de l'Environnement and municipalities for management fees under the term of agreements.

Expenditures:

Current operating expenditures are recorded on the accrual basis.

Working capital

Start-up costs, surplus operating expenditure (revenue) over revenue (expenditure) as well as financing charges are recorded on the accrual basis.

The beginning balance of expenditure financed through long-term debt is amortized according to the straight-line method over the remainder of the period allowed for beginning water treatment and charged to the Operating Fund.

Work in progress

Costs of studies and water treatment as well as related interim financing charges are charged to the fund for work in progress on an accrual basis.

Financing

Financing charges for water treatment studies and facilities are recorded on a cash basis, including any sinking fund requirements, bond issue costs and interest on long-term debt, offset by accounts receivable and amounts to be collected from the ministère de l'Environnement and municipalities on whose behalf the work is undertaken.

2 - CONSTITUTION

The Société was founded under the Act respecting the Société québécoise d'assainissement des eaux, adopted by the Government on June 18, 1980. The Société has until December 31, 1990 to begin work on water treatment facilities and municipal sewage systems.

3 - ACCOUNTS RECEIVABLE (Operating Fund)

	1983	1982
Ministère de l'Environnement du Québec	1 053 881 \$	1 007 664 \$
Municipalities	142 594	59 085
Advances	3 424	3 955
Other	3 640	4 777
	<u>1 203 539 \$</u>	<u>1 075 481 \$</u>

4 - ACCOUNTS PAYABLE AND ACCRUED CHARGES (Operating Fund)

	1983	1982
Accounts payable	47 956 \$	181 096 \$
Wages and salaries	35 375	72 644
At-source deductions	68 548	80 671
Interest	283 332	289 862
Deposits on bids	8 150	13 852
Other accrued charges	17 500	32 367
	<u>460 861 \$</u>	<u>670 492 \$</u>

5 - COMMITMENTS:

The Société has committed itself to three and five-year leases beginning December 1, 1980 through September 30, 1986. Minimum rent payable under these amount to \$ 735 226.

The balance at March 31, 1983 is \$ 584 229, with minimum payments due over the next four years as follows:

1984 - 224 776 \$
1985 - 207 318
1986 - 144 808
1987 - 7 327

6 - CONTINGENT LIABILITY

During the year, claims in the amount of \$ 2 590 000 were submitted by various Société suppliers. The Société is challenging these. In the opinion of legal counsel, it is presently impossible to determine the outcome of suits and the amount for which the Société might be liable. Accordingly, no provision has been set aside. Any liability will be charged to work in progress at the time of settlement.

7 - COMPARATIVE FIGURES

Certain data from the 1982 statement of Operating Fund revenue and expenditure has been reclassified for purposes of comparison with the 1983 presentation.

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION

for the fiscal year ended March 31, 1983

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS BY PROJECT		
		ASSIGNMENT OF FUNDS		
		WASTE WATER TREATMENT		
Project No.	Project Name	ÉPIC Studies	Purification	Waste Handling
001	CUM, l'Anse-à-l'Orme	49 017 \$		
002	Val-Devid	87 412		
003	Sainte-Agathe-des-Monts	135 272		
005	Deux-Montagnes	123 149		
006	Saint-Eustache	429 294		
007	Boisbriand	266 167		
008	Delson	81 586		
009	Candiac	110 218		
010	Sainte-Catherine	91 954		
011	Laprairie	152 809		
012	Saint-Placide	17 328		
013	Châteauguay	492 064		
014/015	Salaberry-de-Valleyfield / Saint-Timothée	507 045	18 096 \$	1 278 747 \$
016	Beauharnois	110 346		
017	Maple-Grove	45 800		
018/105	Saint-Hyacinthe / Sainte-Rosalie	288 595		7 237 832
019	Laval	2 306 454		
020	Sainte-Agathe-Sud	55 062		
021	Granby	533 941		3 541 716
022	Waterloo	128 566	44 453	775 293
023	Acton-Vale	143 099		2 433 791
024	Farnham	200 340	28	1 294 935
025	Cowansville	170 452	128 387	1 484 439
026	Fossambault-sur-le-Lac	97 025		
027/028	Sainte-Aurèle / Saint-Zacharie	44 524	31 180	998 118
030	Grand-Mère	90 211		
031	Rock-Island	62 899		
032	Magog	278 581		
033	Sherbrooke	337 347		
034	Saint-Donat	41 601		
036	Frontenac	11 607	520	
037/038	Lac-Mégantic / Nantes	81 115		757 122
039	Saint-Gédéon	38 605	8 590	331 542
040	Saint-Martin	12 740		
041	Rock-Forest	119 848	26 907	439 491
042	Mont-Laurier	120 589	181 131	1 606 942
043/044/ 045	Saint-Louis-de-Pintendre / Lévis / Saint-David-de-l'Auberivière	30 436	267	2 559 472
046	Bromont	113 123	3 706	371 415
049	Roxton-Falls	72 408	577	72 317
050	Valcourt	83 091	332	10 490
051	Val-Bélair	257 289	3 316	
052	Blainville	121 301		

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1983

SOURCE OF FUNDS					
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	49 017 \$	49 017 \$			49 017 \$
	87 412	87 412			87 412
	135 272	70 646	3 079 \$	61 547 \$	135 272
	123 149	73 473		49 676	123 149
	429 294	392 951	36 343		429 294
	266 167	263 937	2 230		266 167
	81 586	49 769		31 817	81 586
	110 218	99 526		10 692	110 218
	91 954	87 935	4 019		91 954
	152 809	150 882	1 927		152 809
67 594 \$	84 922	81 764	3 158		84 922
	492 064	342 104		149 960	492 064
358 080	2 161 968	1 772 188	202 780	187 000	2 161 968
	110 346	75 421		34 925	110 346
	45 800	45 800			45 800
269 722	7 796 149	7 616 314	179 835		7 796 149
	2 306 454	2 044 665	191 789	70 000	2 306 454
	55 062	53 334	1 728		55 062
3 075 194	7 150 851	6 002 146	508 705	640 000	7 150 851
258 394	1 206 706	1 010 087	110 619	86 000	1 206 706
117 421	2 694 311	2 397 101	75 210	222 000	2 694 311
106 882	1 602 085	1 490 476	88 609	23 000	1 602 085
99 933	1 883 211	1 823 198	60 013		1 883 211
	97 025	97 025			97 025
1 595 262	2 669 084	2 570 829	92 655	5 600	2 669 084
	90 211	90 211			90 211
	62 899	62 899			62 899
	278 581	278 581			278 581
	337 347	323 281	14 066		337 347
	41 601	41 601			41 601
28 430	40 557	40 431	126		40 557
281 656	1 119 893	1 085 311	34 582		1 119 893
452 585	832 322	797 892	34 440		832 322
	12 740	12 740			12 740
814 102	1 400 348	1 313 285	87 063		1 400 348
328 785	2 237 447	2 156 676	80 771		2 237 447
230 682	2 820 857	2 577 232	243 625		2 820 857
59 905	548 149	522 520	25 629		548 149
69 788	215 090	212 410	2 680		215 090
52 455	146 338	144 601	1 737		146 338
	260 605	253 344	7 261		260 605
	121 301	121 272	29		121 301

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1983

		SOURCE AND CUMULATIVE ASSIGNMENT OF FUNDS BY PROJECT		
		ASSIGNMENT OF FUNDS		
		WASTE WATER TREATMENT		
Project No.	Project Name	ÉPIC Studies	Purification	Waste Handling
053/054	Bois-des-Filion/Saint-Louis-de- Terbonne			
055	Boucherville	98 583 \$		
056	Lorraine	236 654		
057	Rosemère	178 843		
058	Saint-Hubert	123 658		
059	Sainte-Thérèse	269 679		
060	Communauté Urbaine de Québec	208 898		
061	Québec	209 632		
062	Lac-Échemin	714 826		
063	Ascot-Corner	60 840	18 135 \$	317 638 \$
064	Jonquière	2 729	25 000	
065	Saint-Louis-de-France	553 064	340 537	2 082 135
066	Sainte-Angèle-de-Monnoir	54 221	504	
067	Saint-Pie	15 707		
068	Marieville	46 229	1 178	33 293
069	Sainte-Julie	51 430		41 471
070	Val-d'Or	118 816		
071	Upton	393 487		529 096
072/097	Vaudreuil/Dorion	29 326		41 671
073	Chibougamau	172 662	53 647	54 405
074	Roberval	164 180		1 094 878
075	Sainte-Sophie	139 122	28 866	83 320
076	Larouche			
077	Laternière	21 722		
078	Laurentides	18 324		8 095
080	Saint-Calixte	32 588		
081	Saint-Gabriel	27 705		
082	Disraeli	39 113		198 434
083	Saint-Joseph-de-Coleraine	18 996		
084	Cookshire	21 487	308	12 243
085	Saint-Félicien	38 132		
086	Rawdon	79 477	8 067	84 288
089	Omerville	41 500		37 314
090	Weedon-Centre		767	
091	Saint-Jean-Baptiste	18 124		
092	Mont-Rolland	20 023		22 321
093	Sainte-Adèle	35 713		
099/100	Laurier Station/Saint-Flavien	61 797		
101	Métabelchouan	12 772		
102	Pohénégamook	19 419		8 403
104	Prévost	57 513	1 000	
106	Matane	32 464		
107	Chambord	111 508		3 620
108	Saint-Maurice	12 326	4 849	614
110/111	Amqui/Saint-Benoit-Joseph-Labre			11 150
112	Saint-Jean-de-la-Lande	1 044		13
113	Saint-Théophile			37
114	Saint-Élie d'Orford			
115	Saint-Jovite	4 614		
	Contractuels du Ministère	2 515		
		361 872		
		13 474 644 \$	930 348 \$	29 857 971 \$

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

APPENDIX

ADDITIONAL INFORMATION (cont'd)
for the fiscal year ended March 31, 1983

SOURCE OF FUNDS					
Treatment	Total	Outlays	Suppliers & Contract Holdbacks	Contributions received	Total
	98 583 \$	98 583 \$			98 583 \$
	236 654	162 526	74 128 \$		236 654
	178 843	170 898	7 945		178 843
	123 658	123 658			123 658
	269 679	269 679			269 679
	208 898	197 408	11 490		208 898
	209 632	209 632			209 632
	714 826	705 836	8 990		714 826
475 363 \$	871 976	752 534	119 442		871 976
313 148	340 877	330 758	10 119		340 877
148 146	3 123 882	3 005 497	118 385		3 123 882
769 536	824 261	631 784	192 477		824 261
37 555	53 262	52 632	630		53 262
48 567	129 267	126 811	2 456		129 267
60 737	153 638	144 221	9 417		153 638
143 510	262 326	245 311	17 015		262 326
284 714	1 207 297	1 109 199	98 098		1 207 297
36 114	107 111	88 229	18 882		107 111
2 206 368	2 487 082	924 981	212 101	1 350 000 \$	2 487 082
168 944	1 428 002	1 262 983	165 019		1 428 002
192 659	443 967	442 946	1 021		443 967
29 377	29 377	25 377	4 000		29 377
50 029	71 751	71 056	695		71 751
20 437	46 856	46 190	666		46 856
	32 588	31 905	683		32 588
	27 705	26 841	864		27 705
48 859	286 406	133 633	152 773		286 406
	18 996	18 926	70		18 996
39 847	73 885	61 040	12 845		73 885
	38 132	38 132			38 132
100 276	272 108	252 791	19 317		272 108
68 723	147 537	118 728	28 809		147 537
38 026	38 793	38 793			38 793
	18 124	18 048	76		18 124
66 968	109 312	94 512	14 800		109 312
	35 713	30 936	4 777		35 713
	61 797	54 870	6 927		61 797
	12 772	11 645	1 127		12 772
35 008	62 830	53 559	9 271		62 830
11 747	70 260	67 523	2 737		70 260
	32 464	31 757	707		32 464
5 822	120 950	115 824	5 126		120 950
660 533	678 322	675 189	3 133		678 322
152 709	163 859	112 720	51 139		163 859
	1 057	1 044	13		1 057
1 498	1 535	1 377	158		1 535
1 500	1 500	1 244	256		1 500
	4 614	386	4 228		4 614
	2 515	79	2 436		2 515
	361 872	361 872			361 872
14 483 590 \$	58 746 553 \$	52 334 380 \$	3 489 956 \$	2 922 217 \$	58 746 553 \$

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINÈRE – SOQUEM

R.S.Q., c. S-19

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'exploration minière – SOQUEM, at March 31, 1983 as well as the consolidated statement of operating results and retained earnings and that of the change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as its operating results and change in financial position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 3, 1983.

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIERE - SOQUEM

R.S.Q., c. S-19

CONSOLIDATED BALANCE SHEET

as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash and term deposits	1 476 354 \$	383 649 \$
Concentrates and settlements receivable	6 700 638	7 369 652
Accounts receivable	3 655 999	904 029
Inventories (Note 3)	8 019 006	3 475 129
Prepaid expenses	619 000	238 510
Gouvernement du Québec subsidy receivable		4 000 000
	20 470 997	16 370 969
Investments (Note 4)	17 312 274	12 918 664
Fixed assets (Note 5)	163 993 869	116 423 927
Deferred expenses (Note 6)	35 230 350	32 957 647
	<u>237 007 490 \$</u>	<u>178 671 207 \$</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank loan		2 400 000 \$
Accounts payable and accrued charges	9 558 287 \$	12 285 605
Mining rights payable	633 439	468 891
Payments on long-term debt (Note 7)	734 847	10 120
Deferred processing rights	576 050	
	11 502 623	15 164 616
Deferred mining rights	9 790 787	6 735 566
Long-term debt (Note 7)	73 926 779	25 691 274
Deferred credit on gold options (Note 8)	3 044 310	
Commitments and contingent liabilities (Note 11 & 12)		
	<u>98 264 499</u>	<u>47 591 456</u>
SHAREHOLDER EQUITY		
Capital stock (Note 9)		
Authorized:		
12 500 000 shares,		
\$ 10 par value		
Issued and paid-up	89 000 000	89 000 000
Contributed surplus	17 000 000	17 000 000
Retained earnings	32 742 991	25 079 751
	<u>138 742 991</u>	<u>131 079 751</u>
	<u>237 007 490 \$</u>	<u>178 671 207 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Paul J. BOURASSA, director

Pierre GARCEAU, director

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE - SOQUEM
CONSOLIDATED STATEMENT OF OPERATING RESULTS AND RETAINED EARNINGS
 for the fiscal year ended March 31

	1983	1982
Mining operations		
Net revenue from metal shipments	42 330 468 \$	40 401 755 \$
Operating costs	25 015 529	19 060 655
Royalties	360 105	336 951
	25 375 634	19 397 606
Operating profit	16 954 834	21 004 149
Abandoned mining projects and other expenses		
Abandoned mining projects	5 198 652	3 203 661
Research work	573 188	412 316
Other expenses	606 000	809 832
Investment write-down		444 552
	6 377 840	4 870 361
Net financial charges (revenue) (Note 10)	10 576 994	16 133 788
Share in net profits of affiliates	164 771	(1 091 374)
	345 153	221 752
Profit before mining rights and extraordinary item	10 757 376	17 446 914
Mining rights	3 266 500	3 887 000
Profit before extraordinary item	7 490 876	13 559 914
Extraordinary item		
Gain on transactions using the capital of an affiliate	172 364	1 839 020
Net profit for the year	7 663 240	15 398 934
Retained earnings at the beginning	25 079 751	9 680 817
Retained earnings at year-end	32 742 991 \$	25 079 751 \$

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIERE - SOQUEM

CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31

	1983	1982
WORKING CAPITAL AT THE BEGINNING	1 206 353 \$	31 361 565 \$
SOURCE OF FUNDS		
Profit before extraordinary item	7 490 876	13 559 914
Depreciation and depletion	7 831 231	6 554 775
Abandoned mining projects	5 198 652	3 203 661
Deferred mining rights	3 055 221	3 537 000
Loss on disposal of fixed assets and investments	689 542	
Gain on foreign currency translation	(51 323)	
Share in net profit of affiliates	(345 153)	(221 752)
Investment write-down		444 552
Funds from operations	23 869 046	27 078 150
Long-term debt	49 658 165	24 733 939
Deferred credit on gold options	3 044 310	
Proceeds from the disposal of fixed assets and investments	1 055 102	6 972
Deferred gain on foreign currency translation	615 871	
Gouvernement du Québec subsidy		4 000 000
Payments on balance of sale price receivable		2 343 758
	78 242 494	58 162 819
APPLICATION OF FUNDS		
Acquisition of fixed assets	54 652 298	61 727 729
Deferred expenses	9 387 107	12 578 797
Investments	4 355 877	8 979 624
Decrease in long-term debt including		
deferred gain on foreign currency translation	1 492 439	4 697 636
Transfer of machinery and equipment to fixed assets	481 274	
Acquisition of a subsidiary, less working capital	111 478	295 015
Buy-back of minority interest		39 230
	70 480 473	88 318 031
INCREASE (DECREASE) IN WORKING CAPITAL	7 762 021	(30 155 212)
WORKING CAPITAL AT YEAR-END	8 968 374 \$	1 206 353 \$

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINÈRE – SOQUEM

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 – CONSTITUTION AND SCOPE OF ACTIVITY

The Société québécoise d'exploration minière – SOQUEM, founded under a special Act of the National Assembly, was created to promote mining exploration as well as research and development into the processing of minerals. To this end, SOQUEM is authorized to enter into agreements with any and all persons or companies, keeping the goal of profitability in mind.

2 – ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of SOQUEM and its wholly-owned subsidiaries: Société Minière Louvem Inc., Niobec Inc., Les Mines Selseine Inc. and Soquemines Inc.

Assets, liabilities, revenue and expenditures of the firms in which SOQUEM and its subsidiaries Niobec Inc. and Soquemines Inc. have an interest are recorded according to the equity method.

Concentrates and settlements receivable

These are shown at their estimated net realization value.

Inventories

Inventories of salt are recorded at the lesser of cost and net realization value.

Operating supplies are recorded at the lesser of cost and replacement value.

Investments

Investments in affiliates over which SOQUEM and its subsidiaries have a significant influence on management decisions are recorded according to the equity method, that is at cost plus or minus the share of retained earnings since acquisition of an interest.

Other investments are recorded at cost.

Fixed assets

Fixed assets are recorded at cost.

In the case of mines under operation, depletion and depreciation of fixed assets as well as development and start-up costs are charged on the basis of production for the year and proven reserves of ore. Where a mine outlasts attendant fixed assets, depreciation on these is charged on the basis of their estimated service life.

Depreciation on fixed assets not directly related to mining operations is charged according to the straight-line method, based on their estimated service life.

No depreciation is charged on fixed assets related to mining projects that do not go reach the production stage.

Capitalization of financial charges

Charges related to financing for construction work are added to the capital cost of the projects.

Deferred charges

The costs of acquiring mining rights and interests, exploring for minerals, developing discoveries and related administrative expenses are deferred until a decision is made to begin mining operations, whereupon these costs are transferred to fixed assets, otherwise they are charged to operations for the fiscal year when the mining project is abandoned.

Leases

These are of two types: capital lease contracts and operating leases. Depreciation is charged on assets held under capital lease as if they were fixed assets. Rental payments less interest are charged against commitments under such contracts.

Rent on operating leases is charged to the year's operations.

Foreign currency translation

Current asset and liability accounts as well as long-term debt in foreign currency are expressed in Canadian dollars according to the exchange rate in effect at year-end, with those relating to operating results converted at the exchange rate in effect when the transaction took place. Gains and losses on foreign currency translation are posted to operating results for the year, except in the case of those on long-term debt which are amortized to maturity.

Transactions on gold options

The gains and losses on gold option transactions are posted to net revenue from metal shipments at the time the option is exercised, redeemed or expires.

Contributed surplus

Subsidies from the Government as shareholder are recorded under contributed surplus.

3 – INVENTORIES

	1983	1982
Salt and niobium concentrate	4 369 667 \$	
Supplies	3 649 339	3 475 129 \$
	<u>8 019 006 \$</u>	<u>3 475 129 \$</u>

Inventories of niobium concentrate, whose shipment has been temporarily suspended, is recorded at the lesser of cost and estimated net realization value.

4 – INVESTMENTS

	1983	1982
Affiliates, at equity value		
Investments		
(market value: \$23 027 650;		
\$6 627 470 in 1982)	5 062 857 \$	4 419 332 \$
Investments — at cost		
(market value:		
\$11 997 135;		
\$3 722 276 in 1982)	10 790 397	7 299 102
Other investments, at cost	1 459 020	1 260 230
	<u>17 312 274 \$</u>	<u>12 918 664 \$</u>

* Of this amount, \$1 982 033 of shares (market value: \$7 473 000) are assigned as security for deferred credit on gold options.

5 – FIXED ASSETS

	1983	1982
Land, building, equipment and other	72 891 426 \$	56 194 083 \$
Development charges	54 157 187	40 714 988
Infrastructure	19 596 692	16 004 623
Financial charges and start-up costs*	13 936 217	
Pre-production costs	12 728 944	9 921 022
Mining properties	10 383 004	8 586 111
Rolling-stock held under capital lease	3 208 211	
	<u>186 901 683</u>	<u>131 420 827</u>
Subsidies	896 206	847 113
	<u>186 003 477**</u>	<u>130 573 714</u>
Accumulated depletion and depreciation	22 009 608	14 149 787
	<u>163 993 869 \$</u>	<u>116 423 927 \$</u>

* Reduced by revenue generated from a project that did not reach the stage of commercial operation.

** Of this amount, \$118 million is the cost of capital spending on projects which have not yet gone into commercial production.

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINÈRE - SOQUEM

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

6 - DEFERRED EXPENSES	1983	1982	(b) Other item		
(a) Mining projects at the exploration or development stage:			Deferred gain on foreign currency translation	(615 871)	
Additions during the year			Less amortization	51 323	
Exploration charges	5 506 511 \$	9 180 067 \$		(564 548)	
Development costs	3 887 116	3 398 730		2 272 703	9 375 136
	9 393 627	12 578 797		32 957 647	23 582 511
Less:			Balance at the beginning	35 230 350 \$	32 957 647 \$
Abandoned mining projects	5 198 652	3 203 661	Balance at year-end		
Projects posted to fixed assets	1 357 724		Comprised of:		
	2 837 251	9 375 136	Exploration charges	22 663 749 \$	23 713 614 \$
			Development costs	13 131 149	9 244 033
			Deferred gain on foreign currency translation	(564 548)	
				35 230 350 \$	32 957 647 \$

7 - LONG-TERM DEBT

	Current Payments	1983	1982
SOQUEM			
Bank loan, due in 1995, payable in 20 equal, semi-annual instalments beginning January 1, 1985, includes U.S. \$ 20 million (a)		36 025 059 \$	
Commitments under capital lease contracts (Note 11)	706 364 \$	2 684 086	
Mortgage loan, 11.25%, payable by monthly instalments to 2004 (b)	11 290	957 335	967 455 \$
Les Mines Seleine Inc.			
Bank loan, due June 1, 1983 and convertible to long-term financing (c)		34 939 355	
Bank loan (d)			24 733 939
Soquemines Inc.			
Loans at variable rates and terms	17 193	55 791	
	734 847	74 661 626	25 701 394
Current instalments payable		734 847	10 120
	734 847 \$	73 926 779 \$	25 691 274 \$

(a) Interest rate varying according to lender's prime rate, the LIBOR and bankers' acceptance rates on the money market.

(b) Annual instalments will vary between \$ 11 290 and \$ 17 492 over the next five years.

8 - DEFERRED CREDIT ON GOLD OPTIONS

The Société increased its cash flow by \$ 3 044 310 under commitments to sell a certain quantity of gold at set dates and prices.

Option Contracts *	Expiry	Exercise Price \$US/oz	Cash Flow	Market Value of Contracts at March 31, 1983
800	May 1983	375	837 180 \$	484 000 \$
200	November 1983	425	170 911	116 000
2 000	August 1983	400	2 036 219	1 209 400
			3 044 310 \$	1 789 400 \$

* Each contract gives the buyer right to acquire 10 ounces of gold at the option exercise price.

Since management intends to replace them with other options at different prices and later dates, these commitments are not shown as current liabilities.

9 - CAPITAL STOCK

The Government holds all SOQUEM shares.

SOQUEM's authorized capital is \$ 125 million. The balance of authorized but unissued shares amounted to \$ 36 million at March 31, 1983, to be paid on terms set by the Government.

10 - NET FINANCIAL CHARGES (REVENUE)

	1983	1982
Interest on long-term debt	7 224 605 \$	1 700 557 \$
Interest charged to fixed assets under construction	(6 668 704)	(1 159 183)
Earnings on investments	(417 241)	(2 243 301)
Gain (loss) on currency exchange	(51 504)	904 230
Other	77 615	(293 677)
	164 771 \$	(1 081 374)

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIERE - SOQUEM

NOTES TO FINANCIAL STATEMENTS (cont'd) at March 31, 1983

11 - COMMITMENTS

Minimal commitments under capital and operating lease contracts:

	Fiscal	Capital Lease Contracts	Operating Leases
1984		1 033 464 \$	375 986 \$
1985		994 117	384 497
1986		978 222	378 497
1987		354 207	378 497
1988			356 899
Thereafter			1 437 985
		3 360 010	3 312 361 \$
		675 924	
Less: interest			
Commitments under capital lease contracts (Note 7)		2 684 086 \$	

12 - CONTINGENT LIABILITIES

(a) A lawsuit for damages and interest has been filed by a SOQUEM subsidiary and a firm of engineering consultants against a contractor for work done. The claim is for \$2.8 million and could well rise to about \$10 million. The contractor has filed a counterclaim for \$3 991 565 against the subsidiary and the consulting firm. Legal counsel to the subsidiary estimates it highly unlikely that it be found liable for damages toward the contractor; hence, no provision has been recorded.

(b) An insurance claim for nearly \$13 million in compensation has been filed.

Any liability or resulting gain will be posted to fixed assets.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES – SOQUIA

R.S.Q., c. S-21

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'initiatives agro-alimentaires – SOQUIA, at March 31, 1983 as well as the statement of operating results, that of deficit and that of the change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as the results of its operations and change in its financial position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year, after retroactively giving effect to the definitive valuation of an asset of a wholly-owned subsidiary and correcting the amortization of that subsidiary's goodwill, to which Note 3 refers.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, September 6, 1983.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES - SOQUIA
R.S.Q., c. S-21

BALANCE SHEET
as at March 31, 1983

	1983	1982 (Note 3)
ASSETS		
CURRENT ASSETS		
Cash and term deposits	4 683 885 \$	2 463 334 \$
Accounts receivable	21 283	16 372
Accrued interest and dividends receivable	304 603	606 237
Capital payments on investments within a year (Note 4)	1 240 400	1 129 625
	6 250 171	4 215 568
INVESTMENTS		
Wholly-owned subsidiaries (Note 4 & 5)	13 253 895	10 075 669
Minority shares and loans (Note 4)	27 531 291	32 226 618
	40 785 186	42 302 287
FIXED ASSETS (Note 6)	118 576	107 643
OTHER ASSETS	294 579	280 000
	47 448 512 \$	46 905 498 \$
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	2 200 000 \$	
Accounts payable and accrued charges	429 584	194 190 \$
Allowance for claims — bank loan guarantees (Note 7)	2 797 639	1 117 000
Owed the Government	330 000	430 000
	5 757 223	1 741 190
ADVANCES FROM THE GOVERNMENT	300 000	
SHAREHOLDER EQUITY		
CAPITAL-STOCK		
Authorized:		
400 000 shares, \$100 par value		
Issued and paid-up:		
400 000 shares	40 000 000	35 000 000
ASSETS ASSIGNED BY THE GOVERNMENT AND CONVERTED INTO INVESTMENTS IN SUBSIDIARIES	9 540 201	9 540 201
RETAINED EARNINGS (DEFICIT)	(8 148 912)	624 107
	41 391 289	45 164 308
	47 448 512 \$	46 905 498 \$

SUBSEQUENT EVENT (Note 8)

ON BEHALF OF THE BOARD OF DIRECTORS,

André MARIER
Léo J. MARQUIS

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES - SOQUIA
STATEMENT OF DEFICIT
 for the fiscal year ended March 31, 1983

	1983	1982
RETAINED EARNINGS AT THE BEGINNING		
Balance carried forward	751 882 \$	1 381 360 \$
Adjustment		
Additional amortization of		
a subsidiary's goodwill (Note 3)	127 775	
Adjusted balance	624 107	1 381 360
Net loss	(8 773 019)	(757 253)
RETAINED EARNINGS (DEFICIT) AT YEAR-END	(8 148 912) \$	624 107 \$

STATEMENT OF OPERATING RESULTS
 for the fiscal year ended March 31, 1983

	1983	1982
INVESTMENT INCOME		(Note 3)
Interest	1 614 303 \$	2 773 232 \$
Dividends	1 344 002	1 144 721
Net profit of subsidiaries	678 226	231 261
Gain on disposal of investments	258 915	
Other	16 812	9 793
	3 912 258	4 159 007
PROVISION FOR LOSSES		
Minority shares and loans		
including interest, accrued and receivable (Note 4 (c))	9 834 847	3 635 486
Bank loan guarantees (Note 7)	1 680 639	50 000
	11 515 486	3 685 486
OPERATING REVENUE (LOSS)	(7 603 228)	473 521
ADMINISTRATIVE EXPENSES		
Wages, salaries and fringe benefits	706 397	593 145
Professional and administrative services	156 448	342 176
Office space and upkeep	109 418	97 869
Sundry	163 201	172 284
Depreciation on fixed assets	34 327	25 300
	1 169 791	1 230 774
NET LOSS	(8 773 019) \$	(757 253) \$

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES - SOQUIA
STATEMENT OF CHANGE IN FINANCIAL POSITION
 for the fiscal year ended March 31, 1983

	1983	1982 (Note 3)
SOURCE OF FUNDS		
Net loss for the year	(8 773 019)\$	(757 253)\$
Items not affecting working capital:		
Net profit of subsidiaries	(678 226)	(231 261)
Provision for losses on minority shares and loans	9 298 986	3 101 773
Gain on disposal of minority shares	(258 915)	
Depreciation on fixed assets	34 327	25 300
Funds from operations		2 138 559
Funds used for operations	(376 847)	
Capital stock	5 000 000	
Loan payments and disposal of minority shares	2 050 334	1 129 625
Proceeds from disposal of fixed assets	4 941	393
Subsidy	100 000	400 000
Advance from the Government	300 000	
Assets ceded by the Government		6 024 111
	<u>7 078 428</u>	<u>9 692 688</u>
APPLICATION OF FUNDS		
Outlays on loans and acquisition of minority shares	6 395 078	7 462 838
Acquisition of fixed assets	50 201	85 748
Other	14 579	14 569
Acquisition of a wholly-owned subsidiary	2 600 000	6 024 111
Subsidy to be reimbursed		100 000
	<u>9 059 858</u>	<u>13 687 266</u>
DECREASE IN WORKING CAPITAL	<u>1 981 430</u>	<u>3 994 578</u>
WORKING CAPITAL AT THE BEGINNING	<u>2 474 378</u>	<u>6 468 956</u>
WORKING CAPITAL AT YEAR-END	<u><u>492 948\$</u></u>	<u><u>2 474 378\$</u></u>

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES - SOQUIA

NOTES TO FINANCIAL STATEMENTS
at March 31, 1983

1 - CONSTITUTION AND PURPOSE

The Société québécoise d'initiatives agro-alimentaires - SOQUIA, is a joint-stock company founded under a special Act and has been given the following tasks:

- promoting the establishment, modernization, expansion and consolidation of firms in the area of food production;
- taking part in the production, processing and marketing of any foodstuffs derived from agriculture or commercial fisheries.

Société activities centre around the acquisition of shares and the granting of shareholder loans to firms operating in the agricultural and food production sector within Québec. SOQUIA shares are part of the public domain and are assigned to the Minister of Finance.

2 - MAJOR ACCOUNTING POLICIES

Société's financial statements were prepared by management according to generally accepted accounting principles, within the bounds of the particular practices summarized as follows:

Investments

Investments in wholly-owned subsidiaries

SOQUIA's interest in its subsidiaries Centre de distribution de médicaments vétérinaires (C.D.M.V.) Inc., Usine de congélation de St-Bruno Inc. and Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc. is recorded at equity value.

Investment in the Société québécoise des pêches nordiques Inc. is recorded at cost, considering it has not operated since its inception on March 14, 1983.

For purposes of equity accounting, interest in these subsidiaries is recorded at cost plus or minus the share of retained earnings or deficit since acquisition.

Minority shares and loans

Minority shares are recorded at cost of acquisition.

Where SOQUIA estimates it will not be able to recover amounts invested in a firm, the projected loss is posted to a provision for losses.

Fixed assets

Fixed assets are shown at their cost of acquisition and depreciation is charged as follows:

	Rate	Method
Furniture and equipment	20%	Diminishing balance
Vehicles	25%	Diminishing balance

Leasehold improvements - over the length of the lease.

3 - ADJUSTMENTS

During the year, a subsidiary retroactively applied a definitive valuation of an asset acquired in 1981, raising its original value from \$894 321 to \$2 994 458. The effect of this is to increase the SOQUIA investment in the subsidiary by \$2 000 137 at March 31, 1983 and, similarly, that of assets ceded by the Government.

This subsidiary also retroactively adjusted the amortization of goodwill. This correction had the effect of increasing the net loss of the previous fiscal year by \$127 775 and correspondingly reducing retained earnings at March 31, 1982.

4 - INVESTMENTS

(a) Wholly-owned subsidiaries - at equity value

Centre de distribution de médicaments vétérinaires (C.D.M.V.) Inc.

	1983	1982
Common shares, at cost	1 750 000 \$	1 750 000 \$
Retained earnings	1 296 157	983 180
Long-term loan	200 000	300 000
	<u>3 246 157</u>	<u>3 033 180</u>
Less: Capital payment due within a year	100 000	100 000
	<u>3 146 157</u>	<u>2 933 180</u>

Usine de congélation de St-Bruno Inc.

Common shares, at cost	1 064 473	1 064 473
Retained earnings (deficit)	136 088	(121 182)
	<u>1 200 561</u>	<u>943 291</u>

Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.

Common shares, at cost	6 024 111	6 024 111
Retained earnings	283 066	175 087
	<u>6 307 177</u>	<u>6 199 198</u>

Société québécoise des pêches nordiques Inc.
Loan

	2 800 000	
	<u>13 253 405 \$</u>	<u>10 075 669 \$</u>

(b) Minority shares and loans - at cost

Common shares	24 022 932 \$	24 479 962 \$
Preferred shares**	363 911	163 112
Loans and debentures**	13 684 256	13 601 922
	<u>38 071 099</u>	<u>38 245 016</u>

Less: Capital payments due within a year

	1 140 400	1 029 625
	<u>36 930 699</u>	<u>37 215 391</u>

Provision for losses

	9 399 408	4 988 773
	<u>27 531 291 \$</u>	<u>32 226 618 \$</u>

* Founded by SOQUIA under Order in Council 407 dated March 9, 1983. At March 31, 1983, no share had yet been issued nor had operations begun.

** Subsidies from the Government totaling \$1 262 000 (\$1 162 000 in 1982) have been subtracted from the cost.

(c) Provision for losses on minority shares and loans including interest, accrued and receivable

	1983	1982
Balance at the beginning	5 522 486 \$	1 987 000 \$
Write-offs during the year:		
Minority shares	750 001	100 000
Loans	4 138 350	
Loan interest, accrued and receivable	533 713	
	<u>5 422 064</u>	<u>100 000</u>
	<u>100 422</u>	<u>1 887 000</u>

Provision for the year:

Minority shares	275 750	106 272
Loans	9 023 236	2 996 501
	<u>9 298 986</u>	<u>3 102 773</u>

Loan interest, accrued and receivable

	535 861	533 713
	<u>9 834 847</u>	<u>3 635 486</u>

Balance at year-end

	<u>9 935 269 \$</u>	<u>5 522 486 \$</u>
--	---------------------	---------------------

The provision for losses is subtracted from the following items on the balance sheet:

Minority shares and loans		
Minority shares	1 119 022 \$	1 593 273 \$
Loans	8 280 386	3 396 500
	<u>9 399 408</u>	<u>4 989 773</u>
Accrued interest and dividends receivable	535 861	533 713
	<u>9 935 269 \$</u>	<u>5 522 486 \$</u>

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES – SOQUIA

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

5 – SUMMARY FINANCIAL DATA ON WHOLLY-OWNED SUBSIDIARIES (\$ THOUSANDS)

	1983			Total	
	Centre de distribution de médicaments vétérinaires (C.D.M.V.) Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	1983	1982
Balance sheet at March 31st					
Current assets	5 298	188	3 297	8 783	6 549
Fixed assets, depreciated	313	1 071	3 572	4 956	5 253
Other assets	13		2 261	2 274	2 202
	<u>5 624</u>	<u>1 259</u>	<u>9 130</u>	<u>16 013</u>	<u>14 004</u>
Current liabilities					
Toward third parties	2 378	59	2 482	4 919	3 495
Toward SOQUIA	100			100	100
Long-term debt					
Toward third parties			341	341	333
Toward SOQUIA	100			100	200
Shareholder equity – SOQUIA	<u>3 046</u>	<u>1 200</u>	<u>6 307</u>	<u>10 553</u>	<u>9 876</u>
	<u>5 624</u>	<u>1 259</u>	<u>9 130</u>	<u>16 013</u>	<u>14 004</u>
Operating results and retained earnings (deficit) for the year					
Sales	<u>16 334</u>	<u>1 008</u>	<u>5 953</u>	<u>23 295</u>	<u>18 556</u>
Gross profit	<u>2 143</u>	<u>460</u>	<u>5 953</u>	<u>8 556</u>	<u>5 382</u>
Operating and management expenses less other revenue	<u>1 830</u>	<u>203</u>	<u>5 845</u>	<u>7 878</u>	<u>5 139</u>
Net profit for the year	<u>313</u>	<u>257</u>	<u>108</u>	<u>678</u>	<u>243</u>
Retained earnings (deficit) at the beginning	<u>983</u>	<u>(121)</u>	<u>175</u>	<u>1 037</u>	<u>794</u>
Retained earnings at year-end	<u>1 296</u>	<u>136</u>	<u>283</u>	<u>1 715</u>	<u>1 037</u>

6 – FIXED ASSETS

	1983			1982	
	Cost	Accumulated Depreciation	Net Value	Cost	Net Value
Furniture and equipment	128 704 \$	53 552 \$	75 152 \$	60 511 \$	60 511 \$
Vehicles	16 629	3 124	13 505	5 110	5 110
Leasehold improvements	50 426	20 507	29 919	42 022	42 022
	<u>195 759 \$</u>	<u>77 183 \$</u>	<u>118 576 \$</u>	<u>107 643 \$</u>	<u>107 643 \$</u>

7 – PROVISION FOR CLAIMS – BANK LOAN GUARANTEES

The Société has guaranteed bank loans of \$4.3 million at March 31, 1983 (\$5.7 million at March 31, 1982) on behalf of firms in which SOQUIA holds an interest; a provision for claims was established in anticipation of the settlement of certain of these guarantees.

	1983	1982
Provision for claims – bank loan guarantees		
Balance at the beginning	1 117 000 \$	1 067 000 \$
Provision for the year	1 680 639	50 000
Balance at year-end	<u>2 797 639 \$</u>	<u>1 117 000 \$</u>

8 – SUBSEQUENT EVENT

The Act respecting the Société d'initiatives agro-alimentaires was amended by the National Assembly on June 22, 1983, raising the amount of authorized capital stock for the Société from \$40 million to \$85 million and creating two wholly-owned subsidiaries: the Société québécoise des pêches, with authorized capital of \$20 million, and the Société québécoise des biotechnologies agro-alimentaires, with authorized capital of \$10 million.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES – SOQUIP

R.S.Q., c. S-22

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'initiatives pétrolières – SOQUIP, at March 31, 1983 as well as the consolidated statement of operating results, that of deficit and that of change in financial position for the fiscal year then ended. My examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures I deemed necessary in the circumstances.

In my opinion, these statements accurately present the financial situation of the Société at March 31, 1983 as well as the results of its operations and change in its financial position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

Rhéal CHATELAIN, C.A.
Auditor-General

Québec, June 15, 1983.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES - SOQUIP

R.S.Q., c. S-22

BALANCE SHEET
as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Cash and term deposits	9 767 042 \$	5 609 535 \$
Accounts receivable	2 461 585	4 306 613
Subsidies receivable under programs to encourage petroleum production	14 720 394	
Drilling supplies, at cost	546 082	561 066
Subscribed capital stock receivable		7 500 000
	27 495 103	17 977 214
INVESTMENTS (Note 3)	38 115 489	11 371 637
OIL AND GAS PROPERTIES (Note 4)	98 263 578	88 011 178
FIXED ASSETS (Note 5)	2 539 801	2 629 162
	<u>166 413 971 \$</u>	<u>119 989 191 \$</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	23 073 892 \$	3 333 561 \$
Long-term debt due within a year (Note 6)	478 506	3 060 000
	23 552 398	6 393 561
LONG-TERM DEBT (Note 6)	9 066 225	826 230
SHAREHOLDER EQUITY		
Capital stock (Note 7)	134 000 000	115 000 000
Deficit	204 652	2 230 600
	133 795 348	112 769 400
	<u>166 413 971 \$</u>	<u>119 989 191 \$</u>
COMMITMENTS AND CONTINGENT LIABILITIES (Note 11)		

ON BEHALF OF THE BOARD OF DIRECTORS,

Antoine AYOUB, Chairman

Pierre MARTIN, President and Director General

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES - SOQUIP
CONSOLIDATED STATEMENT OF OPERATING RESULTS
 for the fiscal year ended March 31, 1983

	1983	1982
REVENUE		
Sale of natural gas	4 138 382 \$	2 175 547 \$
Less: royalties	470 908	691 696
	3 667 474	1 483 851
Share of net earnings in affiliates (Note 3)	3 967 287	
Other revenue	132 913	350 558
	7 767 674	1 834 409
EXPENDITURE		
Natural gas production costs	528 640	350 731
Depreciation and depletion	1 872 024	917 267
General and administrative expenses	2 662 851	2 659 963
Net financial charges (revenue) (Note 8)	676 165	(87 515)
	5 739 680	3 840 446
PROFIT (LOSS)		
BEFORE THE FOLLOWING ITEMS	2 027 994	(2 006 037)
Recovery on royalties (Note 9)	589 098	
Feasibility studies (Note 10)	(591 144)	(1 050 793)
Long-term debt written off		826 230
	(2 046)	(224 563)
NET PROFIT (LOSS)	2 025 948 \$	(2 230 600) \$

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES - SOQUIP
CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
 for the fiscal year ended March 31, 1983

	1983	1982
SOURCE OF FUNDS		
Funds from operations	2 374 856 \$	
Capital stock subscribed	19 000 000	22 500 000 \$
Increase in long-term debt	9 091 600	
Sale of fixed assets	32 149	23 633
	<u>30 498 605</u>	<u>22 523 633</u>
APPLICATION OF FUNDS		
Funds used for operations		2 044 526
Acquisition of oil and gas properties (Note 4)	11 764 140	5 690 487
Acquisition of fixed assets	339 253	1 036 943
Investments	25 184 555	11 371 637
Reduction of long-term debt	851 605	3 297 839
	<u>38 139 553</u>	<u>23 441 432</u>
DECREASE IN WORKING CAPITAL	7 640 948	917 799
WORKING CAPITAL AT THE BEGINNING	11 583 653	12 501 452
WORKING CAPITAL AT YEAR-END	<u>3 942 705 \$</u>	<u>11 583 653 \$</u>

CONSOLIDATED STATEMENT OF DEFICIT
 for the fiscal year ended March 31, 1983

	1983	1982
Balance at the beginning	2 230 600 \$	
Net profit (loss)	2 025 948	(2 230 600) \$
Balance at year-end	<u>204 652 \$</u>	<u>2 230 600 \$</u>

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES - SOQUIP

NOTES TO FINANCIAL STATEMENTS at March 31, 1983

1 - CONSTITUTION AND PURPOSE

Founded as a joint-stock company under a special Act in 1969, the Société québécoise d'initiatives pétrolières (SOQUIP) has been conferred the task of carrying on research, production, storage, transportation, purchase, importing and sale of hydrocarbons in liquid or gaseous forms, all within the perspective of profitability.

2 - SUMMARY OF MAJOR ACCOUNTING POLICIES

SOQUIP financial statements were prepared by management according to generally accepted accounting principles, within the bounds of practice summarized as follows:

Consolidation

The consolidated financial statements include the accounts of SOQUIP and its wholly-owned subsidiary EXPLORATION SOQUIP INC.

Investments

SOQUIP records its investments at equity value where its share of voting stock in a company is between 20% and 50% and SOQUIP exercises influence on financial and administrative decision making. The investment is recorded at cost, plus the SOQUIP share of the company's net profit and reduced correspondingly in the event of a loss.

Portfolio investments are recorded at cost.

Oil and gas properties

SOQUIP capitalizes all exploration and development costs to oil and gas properties. Included are the cost of acquiring concessions, geological and geophysical work, rent on non-productive land, drilling costs and general charges having to do with exploration and development.

These accumulated costs for exploration and development of oil and gas reserves are assigned to projects whose evaluation has been completed or is in progress. The cost of evaluated projects is amortized according to the proportional depletion of proven reserves.

3 - INVESTMENTS

At equity value (a):

Gaz Métropolitain, inc., 5 300 000 common shares, no par value (market value: \$34 450 000; \$6 825 000 in 1982)

Gaz Inter-Cité Québec Inc., 4 955 682 common shares, no par value,

GNC Québec Ltée, 100 000 common shares, no par value, and an advance of \$72 253

At cost of acquisition:

East Coast Energy Ltd. 66 666 preferred shares, 10% non-cumulative dividend, \$15 par value, convertible into class "A" common shares, redeemable

The accumulated costs of projects under valuation, including large ones for which no proven reserves have been found, are excluded from depletion until reserves are discovered or the project abandoned.

Oil and gas properties are recorded at the lesser of their depreciated cost and the estimated value of proven reserves.

The accumulated cost of projects under valuation, including large ones for which no proven reserves have been found, are excluded from depletion until reserves are discovered or the project abandoned.

Joint ventures

The Société is involved in many joint ventures. The financial statements only reflect SOQUIP's proportional interest.

Fixed assets

Fixed assets are recorded at cost of acquisition. The diminishing balance method is used in charging depreciation at a constant rate as follows:

Warehouses	5%
Equipment	5% to 20%
Rolling-stock	30%

Depreciation on leasehold improvements is charged over the length of the lease.

Subsidies under programs to encourage petroleum production

Subsidies to which SOQUIP is entitled under programs to encourage petroleum production are applied to reduce the cost of oil and gas properties.

	% Interest	1983	1982
At equity value (a):			
Gaz Métropolitain, inc., 5 300 000 common shares, no par value (market value: \$34 450 000; \$6 825 000 in 1982)	20,2%	32 701 095 \$ (b)	8 371 055 \$ (c)
Gaz Inter-Cité Québec Inc., 4 955 682 common shares, no par value,	49,0%	4 315 862	3 000 582
GNC Québec Ltée, 100 000 common shares, no par value, and an advance of \$72 253	25,0%	98 542	
At cost of acquisition:			
East Coast Energy Ltd. 66 666 preferred shares, 10% non-cumulative dividend, \$15 par value, convertible into class "A" common shares, redeemable		999 990	
		<u>38 115 489 \$</u>	<u>11 371 637 \$</u>

(a) The share in net earnings of affiliates in the amount of \$3 967 287 was determined on the basis of audited financial statements at December 31, 1982 (\$1 439 179) and of unaudited statements for the period January 1, through March 31, 1983 (\$2 528 108). Dividends received during the year amounted to \$2 408 000.

(b) SOQUIP acquired 4 000 000 common shares in Gaz Métropolitain, inc. in July 1982 for \$22 million, bringing the SOQUIP interest to \$30 371 055 or 20.2%. At the time of this transaction, the cost of shares held by SOQUIP was less than their book value; the difference has not been recorded.

(c) Shown at cost of acquisition in 1982.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES - SOQUIP

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

4 - OIL AND GAS PROPERTIES

	Balance at March 31, 1982	Net Additions and Transfers	Balance at March 31, 1983
Valuation completed	49 529 770 \$	6 457 422 \$	55 987 192 \$
Under valuation	39 376 868	24 520 333	63 897 201
	<u>88 906 638</u>	<u>30 977 755</u>	<u>119 884 393</u>
Less:			
Subsidies under programs to encourage petroleum production	275 000	19 213 615	19 488 615
TOTAL COST	<u>88 631 638</u>	<u>11 764 140</u>	<u>100 396 778</u>
Less: depletion	620 460	1 511 740	2 132 200
	<u>88 011 178 \$</u>	<u>10 252 400 \$</u>	<u>98 263 578 \$</u>

5 - FIXED ASSETS

	1983	1982
Land, storage facilities and equipment, at cost	3 781 939 \$	3 558 476 \$
Accumulated depreciation	1 242 138	929 314
	<u>2 539 801 \$</u>	<u>2 629 162 \$</u>

7 - CAPITAL STOCK

SOQUIP's capital stock is composed of \$50 par value shares.

	1983 (\$ MILLIONS)	1982 (\$ MILLIONS)
Authorized:		
5 100 000 shares	255.0	255.0
Subscribed:		
paid-up, 2 680 000 shares	134.0	107.5
receivable, 150 000 shares	7.5	
	<u>134.0</u>	<u>115.0</u>

Additional share subscriptions

Under the Act respecting the Société québécoise d'initiatives pétrolières, provision is made for further subscriptions of its shares to take place as follows:

	1983-84 (\$ MILLIONS)	1984-85 (\$ MILLIONS)	1985-86 (\$ MILLIONS)	Total (\$ MILLIONS)
At SOQUIP's request	31			31
At SOQUIP's request, for purposes accepted by the Government	25	25	25	75
	<u>56</u>	<u>25</u>	<u>25</u>	<u>106</u>
At SOQUIP's request, with prior approval of the Government				15
				<u>121</u>

Should the Société not ask for the maximum subscription in any given year, the difference may be subsequently requested.

6 - LONG-TERM DEBT

	1983	1982
Bank indebtedness (a)	7 000 000 \$	3 000 000 \$
Unsecured bank loan		60 000
Loan (b)	456 756	826 230
Note due June 30, 1986	1 982 851	
Customer advance	105 124	
	<u>9 544 731</u>	<u>3 886 230</u>
Long-term debt due within a year	478 506	3 060 000
	<u>9 066 225 \$</u>	<u>826 230 \$</u>

(a) Interest on this loan is not to exceed the bank's prime rate. The balance at March 31, 1983 is due April 1, 1986 and payable beforehand at the option of the borrower.

(b) Interest-free, payable according to the production from certain gas reserves.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES - SOQUIP
NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983
8 - NET FINANCIAL CHARGES (REVENUE)

	1983	1982
Interest on long-term debt:		
Bank indebtedness	1 254 533 \$	827 405 \$
Unsecured bank loan	4 010	20 687
	<u>1 258 543</u>	<u>848 092</u>
Interest on bank deposits	582 376	805 607
Investment earnings		130 000
	<u>582 376</u>	<u>935 607</u>
	<u>676 165 \$</u>	<u>(87 515) \$</u>

9 - RECOVERY OF ROYALTIES

The amount of \$589 098 represents royalties reimbursed by the Alberta government applying to fiscal years 1978-1979 through 1981-1982 and has not been posted retroactively.

10 - FEASIBILITY STUDIES

These costs relate to studies concerning a heavy oil refinery, natural gas supplies to Québec distributors as well as the refining and distribution of petroleum products in Québec.

11 - COMMITMENTS AND CONTINGENT LIABILITIES
Commitments

In addition to the commitments made in the normal course of affairs, the Société is responsible for the obligations of two of its partners.

Long-term operating lease

Under an operating lease ending August 31, 1991, the Société is committed to pay minimum rent of \$4 100 000. Payments over the next five fiscal years detail as follows:

1984	472 000 \$
1985	474 000
1986	476 100
1987	478 400
1988	480 700

The lessor has granted the Société a purchase option on the space rented.

Contingent liability

SOQUIP has issued a demand note for \$1 666 665 as guarantee that its subsidiary EXPLORATION SOQUIP INC. would complete certain exploration work on schedule.

**SODIC QUÉBEC INC. (SOCIÉTÉ DE DÉVELOPPEMENT DE L'INDUSTRIE
DES COURSES DE CHEVAUX DU QUÉBEC INC.)**

AUDITORS' REPORT

To the SODIC QUÉBEC INC. shareholder:

We have examined the balance sheet of SODIC QUÉBEC INC. at March 31, 1983 as well as the statement of operating results, that of accumulated surplus and that of change in financial position for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures we deemed necessary in the circumstances.

Relying on the information and explanations given and that shown on the company's books, our opinion is that these statements accurately present the financial situation of SODIC QUÉBEC INC. at March 31, 1983 as well as its operating results and change in financial position for the fiscal year then ended, according to widely accepted accounting principles applied on a basis consistent with that of the previous year.

LAVALLÉE, BÉDARD & CIE,
Chartered Accountants

Montréal, May 25, 1983.

**SODIC QUÉBEC INC. (SOCIÉTÉ DE DÉVELOPPEMENT DE L'INDUSTRIE
DES COURSES DE CHEVAUX DU QUÉBEC INC.)**

BALANCE SHEET
as at March 31, 1983

	1983	1982
ASSETS		
CURRENT ASSETS		
Bank account	409 867 \$	
Term deposits	500 000	
Accounts receivable (Note 3)	115 191	347 695 \$
Prepaid expenses	21 290	5 268
Payment on investment due within a year	30 000	30 000
	1 076 348	382 963
INVESTMENT, at cost (Note 4)	450 000	480 000
FIXED ASSETS, net (Notes 2 & 5)	496 187	530 371
	<u>2 022 535 \$</u>	<u>1 393 334 \$</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft		350 011 \$
Accounts payable	87 328 \$	345 430
Owed under the assistance program to horse racing tracks		370 074
Deposits	335 300	3 100
	<u>422 628</u>	<u>1 068 615</u>
SHAREHOLDER EQUITY		
CAPITAL STOCK (Note 6)	10	1 057 000
ACCUMULATED SURPLUS (DEFICIT)	1 599 897	(732 281)
	<u>1 599 907</u>	<u>324 719</u>
	<u>2 022 535 \$</u>	<u>1 393 334 \$</u>

ON BEHALF OF THE BOARD OF DIRECTORS,

Jean-Marie LAFAILLE, director
Denis VANDRY, director

**SODIC QUÉBEC INC. (SOCIÉTÉ DE DÉVELOPPEMENT DE L'INDUSTRIE
DES COURSES DE CHEVAUX DU QUÉBEC INC.)**

STATEMENT OF OPERATING RESULTS
for the year ended March 31

	1983	1982
REVENUE		
Subsidy from the Government (Note 7)	7 366 075 \$	4 146 372 \$
Interest on bank deposits	167 266	157 589
	<u>7 533 341</u>	<u>4 303 961</u>
EXPENDITURE		
Winnings and prizes	3 202 756	2 518 040
Assistance to race tracks and horse owners	1 136 531	821 662
Farm operations	230 779	428 670
Administrative expenses	492 834	526 621
Bad debts		51 621
Depreciation (Note 2)	35 656	
	<u>5 098 556</u>	<u>4 346 614</u>
SURPLUS REVENUE OVER EXPENDITURE BEFORE EXTRAORDINARY ITEMS	2 434 785	(42 653)
Extraordinary items (Note 8)	102 607	
SURPLUS REVENUE (EXPENDITURE) OVER EXPENDITURE (REVENUE)	<u><u>2 332 178 \$</u></u>	<u><u>(42 653) \$</u></u>

**SODIC QUÉBEC INC. (SOCIÉTÉ DE DÉVELOPPEMENT DE L'INDUSTRIE
DES COURSES DE CHEVAUX DU QUÉBEC INC.)**

ACCUMULATED SURPLUS
for the fiscal year ended March 31

	1983	1982
DEBIT BALANCE AT THE BEGINNING	732 281 \$	689 628 \$
Less:		
Surplus revenue over expenditure (expenditure over revenue)	2 332 178	(42 653)
BALANCE AT YEAR-END	1 599 897 \$	(732 281) \$

CHANGE IN FINANCIAL POSITION
for the fiscal year ended March 31

	1983	1982
SOURCE OF FUNDS:		
Surplus revenue over expenditure for the year	2 332 178 \$	
Add:		
Expenditure involving no outlay — Depreciation (Note 2)	59 524	
Funds from operations	2 391 702	
Investment — annual payment	30 000	30 000 \$
	2 421 702	30 000
APPLICATION OF FUNDS:		
Surplus expenditure over revenue		42 653
Change in fixed assets	25 340	67 330
Redemption of common shares	1 056 990	
	1 082 330	109 983
INCREASE (DECREASE) IN WORKING CAPITAL	1 339 372	(79 983)
WORKING CAPITAL DEFICIT AT THE BEGINNING	(685 652)	(605 669)
WORKING CAPITAL AT YEAR-END	653 720 \$	(685 652) \$

**SODIC QUÉBEC INC. (SOCIÉTÉ DE DÉVELOPPEMENT DE L'INDUSTRIE
DES COURSES DE CHEVAUX DU QUÉBEC INC.)**
NOTES TO FINANCIAL STATEMENTS
at March 31, 1983
1 - CONSTITUTION

Following receipt of documents from the ministère des institutions financières dated February 24, 1982, SODIC Québec was founded under Part 1A of the Companies Act.

2 - ACCOUNTING POLICIES**Fixed assets and depreciation**

Fixed assets are recorded at cost. Depreciation is charged over their expected service life as follows:

	Rate	Method
Mobile home	20%	Diminishing balance
Rolling-stock	30%	" "
Furniture and equipment	20%	" "
Leasehold improvements	- over the length of the lease	

SODIC Québec farm buildings

No depreciation was charged for the following reasons:

- the farm has not been operated since the end of August 1982;
- the farm has been listed for sale with a real estate broker;
- the impact of not recording depreciation is negligible.

Except for the farm, depreciation on SODIC assets has been charged retroactively. Adjustments amount to \$43 275 and considering the relative size of this expense, it was included in current expenditure for the year.

3 - ACCOUNTS RECEIVABLE

	1983	1982
Balance of subsidies receivable from the Government	76 800 \$	
Régie des loteries et courses du Québec		45 147 \$
La Piste Pré-Vert Inc.		39 327
Stable fees	52 210	369 559
Other	9 139	35 282
	<u>138 158</u>	<u>489 315</u>
Less: allowance for bad debts	22 967	141 620
	<u>115 191 \$</u>	<u>347 695 \$</u>

4 - INVESTMENT, at cost

A seizure order dated June 4 1982 was issued against La Piste Pré-Vert Inc., followed by a Superior Court bankruptcy order dated June 18, 1982. Under the terms of the seizure, the principal shareholders are jointly liable for the company's outstanding shares at March 31, 1982 by means of consecutive annual instalments of \$30 000 to May 1, 1990 and a final payment of \$240 000 on May 1, 1991.

	1983	1982
Balance at the beginning	480 000 \$	510 000 \$
Less:		
Current payment	30 000	30 000
	<u>450 000 \$</u>	<u>480 000 \$</u>

5 - FIXED ASSETS

	Cost	Accumulated Depreciation	Net	
			1983	1982
SODIC				
Quebec farm	402 750 \$		402 750 \$	402 750 \$
Mobile home	15 937	11 791 \$	4 146	14 817
Rolling-stock	13 636	12 077	1 559	13 636
Office furniture and equipment	53 939	22 479	31 460	74 187
Leasehold improvements	31 718	11 677	20 041	24 981
Preliminary costs of acquiring and setting up a pari-mutuel betting system at the Hippodrome de Trois-Rivières Ltd.	36 231		36 231	
	<u>554 211 \$</u>	<u>58 024 \$</u>	<u>496 187 \$</u>	<u>530 371 \$</u>

**SODIC QUÉBEC INC. (SOCIÉTÉ DE DÉVELOPPEMENT DE L'INDUSTRIE
DES COURSES DE CHEVAUX DU QUÉBEC INC.)**

NOTES TO FINANCIAL STATEMENTS (cont'd)
at March 31, 1983

6 - CAPITAL STOCK

	1983	1982
Authorized:		
Unlimited number of common shares, \$10 par value		
Issued and paid-up:		
105 700 common shares	1 057 000 \$	1 057 000 \$
Less: redemption of 105 699 common shares	1 056 990	
	<u>10 \$</u>	<u>1 057 000 \$</u>

7 - SUBSIDY FROM THE GOVERNMENT

	1983	1982
Following the amendment of section 50 of the Lotteries Act, the subsidy rises from 1.2% to 2.2% of the maximum volume of pari-mutuel betting over the previous two years.	<u>7 366 075 \$</u>	<u>4 146 372 \$</u>

8 - EXTRAORDINARY ITEMS

	1983	1982
Régie des loteries et courses du Québec:		
Financial compensation for administrative services and use of operating facilities over the period September 17, 1979 through January 22, 1981	45 147 \$	
La Compagnie Piste de Courses Richelieu Inc.:		
Final settlement of contributions paid for judges' service over the period April 1, 1978 through September 30, 1980	<u>57 460</u>	
	<u>102 607 \$</u>	

9 - COMMITMENT

Office space is rented under contractual agreement with Vanier Leasethold Ltd. and The Mutual Benefit Life Insurance Company for a five-year term beginning February 1, 1981. Minimal rent is set at \$12 405 for the first year, \$13 645 for the second and \$14 886 for the remaining three years. Certain operating costs are also payable to the lessor under terms of the agreement.

10 - COMPARATIVE FIGURES

Data from the audited statements for the fiscal year ended March 31, 1982 has been given for comparison purposes. Certain expenditure items have been altered to suit the presentation for the fiscal year ended March 31, 1983.

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
research institutes and other units
R.S.Q., c. U-1 and amendments

AUDITORS' REPORT

We have examined the consolidated and synoptic balance sheets of the Operating, Trust, Endowment and Investment Funds of the Université du Québec at May 31, 1983 as well as the consolidated and synoptic statements of fund balances, of Operating Fund revenue and expenditure and that of the Investment Fund's change in financial position for the fiscal year then ended. Our examination was made in accordance with generally recognized auditing standards and consequently included such tests and other procedures deemed necessary in the circumstances.

In our opinion, these statements accurately present the financial situation of the Université du Québec at May 31, 1983 as well as the results of operations and change in its financial position for the fiscal year then ended, according to accounting practice in Note 2, applied on a basis consistent with that of the previous year, after retroactive adjustment to reflect the adoption of the new policies set forth. Figures from the preceding fiscal year, shown for comparison purposes, have not been altered accordingly.

SAMSON BÉLAIR
Chartered Accountants

Québec, September 19, 1983.

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

R.S.Q., c. U-1 and amendments

OPERATING FUND

CONSOLIDATED BALANCE SHEET

as at May 31

(\$ THOUSANDS)

	1983	1982
ASSETS		
OPERATING FUND UNRESTRICTED		
Cash and deposits	28 293	23 515
Accounts receivable		
Students	915	779
Other	2 567	2 876
Subsidies receivable		
Ministère de l'Éducation	231	
Other	82	
Inventories and prepaid expenses (Note 4)	3 757	3 369
Investments, at cost	50	
Advances to the Investment Fund	1 581	519
Advances to the Trust Fund	7	19
Advances to the Endowment Fund	96	
FUND TOTAL	<u>37 579</u>	<u>31 077</u>
OPERATING FUND RESTRICTED		
Cash and deposits	3 169	3 845
Accounts receivable	753	714
Subsidies receivable	4 792	5 033
Prepaid expenses		124
Advances to unrestricted fund	6 016	13 753
Advances to the Investment Fund	375	45
FUND TOTAL	<u>15 105</u>	<u>23 514</u>

ON BEHALF OF THE BOARD OF GOVERNORS,

Gilles BOULET

Chairman

Roger LEFRANÇOIS

Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
 and its constituent universities, schools,
 research institutes and other units
 R.S.Q., c. U-1 and amendments
 OPERATING FUND
 CONSOLIDATED BALANCE SHEET
 as at May 31
 (\$ THOUSANDS)

	1983	1982
LIABILITIES		
OPERATING FUND UNRESTRICTED		
Bank loan	22	958
Accounts payable and accrued charges	19 346	15 981
Deferred revenue	2 157	1 950
Subsidies to be repaid:		
Ministère de l'Éducation		128
Appropriated revenue covering current comm		3 436
Owed to restricted fund	6 016	13 753
Owed the Endowment Fund		6
	27 541	36 212
Fund balance (debit)	10 038	(5 135)
FUND TOTAL	37 579	31 077
RESTRICTED		
Accounts payable and accrued charges	531	451
Owed the Trust Fund	6	
	537	451
Fund balance	14 568	23 063
FUND TOTAL	15 105	23 514
COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS		
(Notes 9 & 10)		

UNIVERSITÉ DU QUÉBEC
 and its constituent universities, schools,
 research institutes and other units
 R.S.Q., c. U-1 and amendments
TRUST FUND
CONSOLIDATED BALANCE SHEET
 as at May 31
 (\$ THOUSANDS)

	1983	1982
ASSETS		
Cash and deposits	278	305
Accounts receivable	124	63
Investments, at cost	12	
Inventories and prepaid expenses		152
Advances to restricted fund	6	
Advances to the Investment Fund		30
FUND TOTAL	420	550
LIABILITIES		
Accounts payable and accrued charges		12
Owed to unrestricted fund	7	19
Interest-free borrowings, due in 1989	12	
Fund balance	19	31
FUND TOTAL	401	519
COMMITMENTS (Note 10)	420	550

ON BEHALF OF THE BOARD OF GOVERNORS,

Gilles BOULET
 Chairman
 Roger LEFRANÇOIS
 Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
 and its constituent universities, schools,
 research institutes and other units
 R.S.Q., c. U-1 and amendments
ENDOWMENT FUND
CONSOLIDATED BALANCE SHEET
 as at May 31
 (\$ THOUSANDS)

	1983	1982
ASSETS		
Cash and deposits	2	1
Subsidies receivable	300	
Interest receivable	4	1
Investments, at cost	135	31
Advances to unrestricted fund		6
FUND TOTAL	441	39
LIABILITIES		
Owed to unrestricted fund	90	
Fund balance	345	39
FUND TOTAL	441	39

ON BEHALF OF THE BOARD OF GOVERNORS,

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UNIVERSITÉ DU QUÉBEC
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 R.S.Q., c. U-1 and amendments
INVESTMENT FUND
CONSOLIDATED BALANCE SHEET
 as at May 31
 (\$ THOUSANDS)

	1983	1982
ASSETS		
Cash and deposits	1 137	1 268
Bond issue proceeds receivable		14 932
Accounts receivable	60	195
Claim receivable — ministère de l'Éducation	36 569	39 288
Long-term subsidy receivable (Note 3)	60	75
Investments (Note 5)	545	573
Fixed assets (Note 6)	307 572	283 306
Deferred financial charges, at amortized cost	4 406	4 364
FUND TOTAL	350 349	344 001
LIABILITIES		
Bank indebtedness	35 064	37 754
Accounts payable and accrued charges	507	624
Holdbacks on contracts	500	237
Owed to unrestricted fund	1 581	519
Owed to restricted fund	375	45
Owed to the Trust Fund		30
Reserve for acquisition of fixed assets	52	986
Ministère de l'Éducation claim	36 569	39 288
Long-term debt (Note 7)	200 798	197 049
Fund balance	275 446	276 532
FUND TOTAL	74 903	67 469
COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS (Notes 9 & 10)	350 349	344 001

ON BEHALF OF THE BOARD OF GOVERNORS,

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UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units
R.S.Q., c. U-1 and amendments

OPERATING FUND
CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
(\$ THOUSANDS)

	Unrestricted		Restricted	
	1983	1982	1983	1982
REVENUE				
Tuition fees	16 421	15 903		
Subsidies				
— Gouvernement du Québec				
Ministère de l'Éducation	218 586	199 772	2 058	1 382
Debt servicing			24 270	
Other	2 816	2 011	6 183	8 874
— Government of Canada	832	94	9 284	6 060
— Other	2 796	1 143	2 566	2 189
Investments and endowments	3 132	4 049		
Ancillary ventures	13 283	10 291		
Other revenue	10 097	6 193	222	2 586
Contribution from restricted fund		918		
Transfer from restricted fund balance	55	158		
Funds for special projects	2 538			
Contribution from unrestricted fund			4	875
Appropriated revenue to cover commitments:				
current at the beginning		2 552		
current at year-end		(3 436)		
	270 556	239 648	44 587	21 966
EXPENDITURE				
Teaching and research	147 894	135 152	19 431	18 679
Subsidized research	1 865	1 128		
General services	4 818	3 357	198	599
Library	12 579	11 313	87	
Audio-visual services	4 904	4 684	15	
Data processing	11 506	10 147		209
Administration and contributions	33 378	29 885	54	390
Land and buildings	33 102	29 516	518	60
Student services	5 520	4 164	14	3
Ancillary ventures	11 405	9 591		
Debt servicing — subsidized portion			24 270	
Interest on budgetary deficit financing (Note 12)	220			
Contribution to unrestricted fund				918
Contribution to restricted fund		2 244		
Contribution to the Investment Fund		250		1 108
	267 191	241 431	44 587	21 966
SURPLUS REVENUE (EXPENDITURE)				
BEFORE THE FOLLOWING ITEM	3 365	(1 783)		
Adjustment to prior years' subsidies	216	853		
SURPLUS REVENUE (EXPENDITURE)	3 581	(930)		

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND
CONSOLIDATED STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

	1983	1982
UNRESTRICTED		
(DEBIT) BALANCE AT THE BEGINNING		
Balance carried forward	(5 135)	(3 826)
Accounting adjustments (Note 11)	14 130	
Adjusted balance	8 995	(3 826)
Transfer to the Investment Fund balance		(258)
Transfer to restricted fund balance		(61)
Transfer to revenue for the year		(60)
Appropriated balance spending	(2 538)	
Surplus revenue (expenditure) for the year	3 581	(930)
(DEBIT) BALANCE AT YEAR-END	10 038	(5 135)
Detailing as:		
— appropriated	6 503	532
— unappropriated	3 535	(5 667)
	10 038	(5 135)
RESTRICTED		
BALANCE AT THE BEGINNING		
Balance carried forward	23 063	19 604
Accounting adjustments (Note 11)	(9 777)	
Adjusted balance	13 286	19 604
Subsidies		
— Gouvernement du Québec		
Ministère de l'Éducation	3 105	3 080
Debt servicing	24 270	
Other	5 199	5 222
— Government of Canada	10 082	9 900
— Other	3 039	3 709
Investments and endowments	11	
Other revenue	57	362
Contribution from unrestricted fund	4	2 840
Recovery on prior expenditure	157	253
Transfer to unrestricted fund revenue	(55)	
Transfer to unrestricted fund balance		61
Transfer to the Trust Fund balance		(2)
	59 155	45 029
Appropriated revenue to cover current expenditure	44 587	21 966
BALANCE AT YEAR-END	14 568	23 063

UNIVERSITÉ DU QUÉBEC
 and its constituent universities, schools,
 research institutes and other units

TRUST FUND
 CONSOLIDATED STATEMENT OF FUND BALANCE
 fiscal year ended May 31
 (\$ THOUSANDS)

	1983	1982
BALANCE AT THE BEGINNING		
Balance carried forward	519	1 012
Accounting adjustments (Note 11)	(33)	
Adjusted balance	486	1 012
Transfer from restricted fund balance		2
Contribution from unrestricted fund		76
Revenue	670	1 419
	1 156	2 509
Expenditure	755	1 990
BALANCE AT YEAR-END	401	519

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

	1983	1982
Balance at the beginning	39	37
Revenue	307	3
	346	40
Expenditure	1	1
Balance at year-end	345	39

UNIVERSITÉ DU QUÉBEC
 and its constituent universities, schools,
 research institutes and other units

INVESTMENT FUND
 CONSOLIDATED STATEMENT OF FUND BALANCE
 fiscal year ended May 31
 (\$ THOUSANDS)

	1983	1982
BALANCE AT THE BEGINNING		
Balance carried forward	67 469	48 336
Adjustment to fixed assets' acquisition of prior years	124	
Adjusted balance	67 593	48 336
Subsidies — gouvernement du Québec	891	14 866
Contribution from		
unrestricted fund	6 134	2 845
restricted fund	1 966	3 428
the Trust Fund		13
Interest and other revenue	48	(1)
Subsidies and contributions — other	115	120
Transfer from unrestricted fund balance		258
Increase in appraised value of works of art	50	
	76 797	69 865
Write-off and loss on disposal of fixed assets	(186)	(399)
Amortization of financial charges — discounts and unsubsidized capital spending	(996)	(981)
Transfer from (to) reserve for future construction	100	(914)
Write-off of debenture issue charges	(188)	(102)
Write-off of interest on refinancing and interim borrowings	(624)	
	(1 894)	(2 396)
BALANCE AT YEAR-END (including valuation surplus — Note 6)	74 903	67 469

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

INVESTMENT FUND
CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended May 31
(\$ THOUSANDS)

	1983	1982
SOURCE OF FUNDS		
Net proceeds from debenture issues	16 620	32 434
Contribution from		
unrestricted fund	6 134	2 845
restricted fund	25 952	3 428
the Trust Fund		13
Contributions — other	230	(2)
Subsidies — gouvernement du Québec	56	35 026
Interest and other revenue	48	38
Transfer of deferred revenue		575
Transfer from unrestricted fund balance		258
Sale of fixed assets	220	82
Cash receipts on long-term accounts receivable	20	22
Commitments under capital lease contracts	623	145
Reduction in investments	28	27
	<u>49 931</u>	<u>74 891</u>
APPLICATION OF FUNDS		
Acquisition of fixed assets	23 246	22 692
Debt servicing		
capital	13 872	14 951
interest	23 156	20 048
Transfer to reserve for future construction	(980)	914
Long-term debt charges	755	105
Transfer to unrestricted fund		
from deferred revenue		614
Interest on bank loans	2 028	6 375
	<u>62 077</u>	<u>65 699</u>
	<u>(12 146)</u>	<u>9 192</u>
INCREASE (DECREASE) IN THE FUND		
UNFUNDED BALANCE AT THE BEGINNING		
Balance carried forward	(23 750)	(32 942)
Adjustment (Note 11)	(884)	
Adjusted balance	<u>(24 634)</u>	<u>(32 942)</u>
UNFUNDED BALANCE AT YEAR-END (Note 8)	<u>(36 780)</u>	<u>(23 750)</u>

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	5 602	4 158	4 414	3 091	1 668
Accounts receivable:					
Students	562	78	182	31	27
Université du Québec					
Other constituent units	189	48	74	25	90
Other	413	134	125	66	48
Subsidies receivable					
Ministère de l'Éducation			118		(33)
Other	82				
Inventories (Note 4)	531	111			
Prepaid expenses (Note 4)	574	115	99	138	358
Investments, at cost		50			
Advances to the Investment Fund	(205)	524	(123)	130	(21)
Advances to the Trust Fund	7	(5)		(1)	
Advances to the Endowment Fund		105			
FUND TOTAL	<u>7 755</u>	<u>5 318</u>	<u>4 889</u>	<u>3 480</u>	<u>2 137</u>
LIABILITIES					
Bank loans					
Accounts payable and accrued charges	6 978	2 090	2 078	1 483	514
Deferred revenue	782	226	270	137	98
Subsidies to be repaid					
Ministère de l'Éducation					
Appropriated revenue to cover					
current commitments					
Owed to restricted fund	1 706	1 600	987	896	512
Owed to the Endowment Fund					
	<u>9 466</u>	<u>3 916</u>	<u>3 335</u>	<u>2 516</u>	<u>1 124</u>
Fund balance (debit)	(1 711)	1 402	1 554	964	1 013
FUND TOTAL	<u>7 755</u>	<u>5 318</u>	<u>4 889</u>	<u>3 480</u>	<u>2 137</u>
COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS (Notes 9 & 10)					

ON BEHALF OF THE BOARD OF GOVERNORS,

Gilles BOULET
Chairman
Roger LEFRANÇOIS
Vice-président, Administration and Finance

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
887	229	3 896	492		1 993	1 048	815	28 293	23 515
15	2	18		129			(129)	915	779
(54)	(142)	43			(26)		(247)		
38	488	52	34		106	713	350	2 567	2 876
	82		87		(23)			231	
	115		14			1 001		82	
122	27	6				411	135	1 772	1 887
								1 985	1 482
								50	
59	162	(38)	10		1 068	(179)	194	1 581	519
							6	7	19
						(9)		96	
<u>1 067</u>	<u>963</u>	<u>3 977</u>	<u>637</u>	<u>129</u>	<u>3 118</u>	<u>2 985</u>	<u>1 124</u>	<u>37 579</u>	<u>31 077</u>
377	488	1 654	153		960	1 645	22	22	958
51	351	121	27		47	47	926	19 346	15 981
								2 157	1 950
									128
									3 436
265	63	38	28		(189)	96	14	6 016	13 753
									6
693	902	1 813	208		818	1 788	962	27 541	36 212
374	61	2 164	429	129	2 300	1 197	162	10 038	(5 135)
<u>1 067</u>	<u>963</u>	<u>3 977</u>	<u>637</u>	<u>129</u>	<u>3 118</u>	<u>2 985</u>	<u>1 124</u>	<u>37 579</u>	<u>31 077</u>

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
REVENUE					
Tuition fees	7 461	2 491	1 933	1 092	956
Subsidies					
— Gouvernement du Québec					
Ministère de l'Éducation	75 476	30 916	23 000	15 123	9 949
Other	1	341	405		
— Government of Canada			216		
— Other	1 153			146	271
Investments and endowments	298	447	383	389	222
Ancillary ventures	4 307	1 326	203	135	108
Other revenue	2 008	2 543	1 766	517	373
Contribution from restricted fund					
Transfer from unrestricted fund balance			55		
Funds for special projects		149	660	128	171
Appropriated revenue to cover commitments:					
current at the beginning					
current at year-end					
	90 704	38 218	28 621	17 530	12 050
EXPENDITURE					
Teaching and research	58 987	23 931	16 524	11 458	6 635
Subsidized research	1 416	292	157		
General services	476	540	571	13	183
Library	5 089	2 381	1 634	989	577
Audio-visual services	1 361	724	308	318	241
Data processing	2 169	1 170	926	486	560
Administration and contributions	7 517	3 496	2 534	2 035	1 858
Land and buildings	11 542	3 787	4 913	1 606	1 423
Student services	1 508	1 247	681	424	155
Ancillary ventures	3 197	1 329	169	154	96
Interest on budgetary deficit					
financing (Note 12)					
Contribution to the Investment Fund					
Contribution to restricted fund					
	93 262	38 897	28 417	17 483	11 728
SURPLUS REVENUE (EXPENDITURE)					
BEFORE THE FOLLOWING					
Adjustment to prior years' subsidies	(2 558)	(679)	204	47	322
Université du Québec contribution	293	5	(7)	(17)	(1)
toward budgetary deficits (Note 12)	6 300				
SURPLUS REVENUE (EXPENDITURE)	4 035	(674)	197	30	321

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
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OPERATING FUND – UNRESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
577	552	1 019	307		24	9		16 421	15 903
5 102	5 122	10 416	4 993	789	10 556	9 258	17 886	218 586	199 772
44	1 875	5	45			100		2 816	2 011
	548					68		832	94
77	576	256			100	217		2 796	1 143
		459	104		564		266	3 132	4 049
						7 204		13 283	10 291
412	257	455	115		434	150	1 062	10 097	6 193
									918
								55	158
302	5	294	184				645	2 538	
									2 552
									(3 436)
6 514	8 935	12 904	5 748	789	11 678	17 006	19 859	270 556	239 648
4 204	2 865	6 325	3 280	740	7 778	5 167		147 894	135 152
								1 865	1 128
116	2 918		1					4 818	3 357
169	392	176	109		471	243	349	12 579	11 313
155		1 175	101	24	159	62	276	4 904	4 684
306	95	1 132	303		516	374	3 469	11 506	10 147
777	1 020	1 922	759	136	1 190	1 771	8 363	33 378	29 885
678	1 310	1 539	1 221		1 305	2 547	1 231	33 102	29 516
125	55	1 257	68					5 520	4 164
170	45					6 245		11 405	9 591
							220	220	
									250
									2 244
6 700	8 700	13 526	5 842	900	11 419	16 409	13 908	267 191	241 431
(186)	235	(622)	(94)	(111)	259	597	5 951	3 365	(1 783)
12		(20)	(43)				(6)	216	853
			252				(6 552)		
(174)	235	(642)	115	(111)	259	597	(607)	3 581	(930)

UNIVERSITÉ DU QUÉBEC
 and its constituent universities, schools,
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OPERATING FUND — UNRESTRICTED
 SYNOPSIS STATEMENT OF FUND BALANCE
 fiscal year ended May 31
 (\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
(DEBIT) BALANCE AT THE BEGINNING					
Balance carried forward	(7 627)	1 243	(162)	127	158
Adjustment (Note 11)	1 881	982	2 179	935	705
Adjusted balance	(5 746)	2 225	2 017	1 062	863
Transfer to the Investment Fund balance					
Transfer to restricted fund balance					
Transfer to revenue for the year					
Appropriated balance spending		(149)	(660)	(128)	(171)
Surplus revenue (expenditure) for the year	4 035	(674)	197	30	321
(DEBIT) BALANCE AT YEAR-END	(1 711)	1 402	1 554	964	1 013
Detailing as:					
Appropriated		290	84	732	731
Unappropriated	(1 711)	1 112	1 470	232	282
	(1 711)	1 402	1 554	964	1 013

UNIVERSITÉ DU QUÉBEC

and its constituent universities, schools,
research institutes and other units

OPERATING FUND — UNRESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
126	(338)	627		208	18	205	280	(5 135)	(3 826)
724	169	2 473	498	32	2 023	395	1 134	14 130	
850	(169)	3 100	498	240	2 041	600	1 414	8 995	(3 826)
									(258)
									(61)
									(60)
(302)	(5)	(294)	(184)				(645)	(2 538)	
(174)	235	(642)	115	(111)	259	597	(607)	3 581	(930)
374	61	2 164	429	129	2 300	1 197	162	10 038	(5 135)
295	61	1 865	423		1 558	302	162	6 503	532
79		299	6	129	742	895		3 535	(5 667)
374	61	2 164	429	129	2 300	1 197	162	10 038	(5 135)

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND - RESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits			32		
Accounts receivable		69	73	231	8
Subsidies receivable	1 624	988	656		21
Prepaid expenses					
Advances:					
to unrestricted fund	1 706	1 600	987	896	512
to the Investment Fund	194		182	(1)	
FUND TOTAL	<u>3 524</u>	<u>2 657</u>	<u>1 930</u>	<u>1 126</u>	<u>541</u>
LIABILITIES					
Accounts payable and accrued charges	179	112	53	4	60
Owed to the Trust Fund	6				
	<u>185</u>	<u>112</u>	<u>53</u>	<u>4</u>	<u>60</u>
Fund balance	3 339	2 545	1 877	1 122	481
FUND TOTAL	<u>3 524</u>	<u>2 657</u>	<u>1 930</u>	<u>1 126</u>	<u>541</u>
COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS (Notes 9 & 10)					

ON BEHALF OF THE BOARD OF GOVERNORS,

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Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
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OPERATING FUND — RESTRICTED
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
					3 135	2		3 169	3 845
6		2			331	33		753	714
			20			1 483		4 792	5 033
									124
265	63	38	28		(189)	96	14	6 016	13 753
								375	45
<u>271</u>	<u>63</u>	<u>40</u>	<u>48</u>		<u>3 277</u>	<u>1 614</u>	<u>14</u>	<u>15 105</u>	<u>23 514</u>
25		3			95			531	451
								6	
25		3			95			537	451
246	63	37	48		3 182	1 614	14	14 568	23 063
<u>271</u>	<u>63</u>	<u>40</u>	<u>48</u>		<u>3 277</u>	<u>1 614</u>	<u>14</u>	<u>15 105</u>	<u>23 514</u>

UNIVERSITÉ DU QUÉBEC
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OPERATING FUND – RESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
REVENUE					
Subsidies					
– Gouvernement du Québec					
Ministère de l'Éducation	408	350	298	196	368
Debt servicing	67	183		118	39
Other	1 655	1 351	422	249	52
– Government of Canada	2 786	1 542	1 318	344	29
– Other	732	237	461	400	6
Other revenue	39			25	
Contribution from unrestricted fund					
	<u>5 687</u>	<u>3 663</u>	<u>2 499</u>	<u>1 332</u>	<u>494</u>
EXPENDITURE					
Teaching and subsidized research	5 620	3 324	1 967	1 022	449
Contribution to unrestricted fund					
Contribution to the Investment Fund					
General services				192	6
Library		73	14		
Audio-visual services		15			
Data processing					
Administration		54			
Land and buildings			518		
Student services		14			
Debt servicing – subsidized portion	67	183		118	39
	<u>5 687</u>	<u>3 663</u>	<u>2 499</u>	<u>1 332</u>	<u>494</u>

UNIVERSITÉ DU QUÉBEC
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OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
438								2 058	1 382
							23 863	24 270	
17	61	22			1 580	746	28	6 183	8 874
21	27	6			1 901	1 165	145	9 284	6 060
6						724		2 566	2 189
1			9		148			222	2 586
	4							4	875
<u>483</u>	<u>92</u>	<u>28</u>	<u>9</u>		<u>3 629</u>	<u>2 635</u>	<u>24 036</u>	<u>44 587</u>	<u>21 966</u>
483	92	28	9		3 629	2 635	173	19 431	18 679
									918
									1 108
								198	599
								87	
								15	
									209
								54	390
								518	60
								14	3
							23 863	24 270	
<u>483</u>	<u>92</u>	<u>28</u>	<u>9</u>		<u>3 629</u>	<u>2 635</u>	<u>24 036</u>	<u>44 587</u>	<u>21 966</u>

UNIVERSITÉ DU QUÉBEC
and its constituent universities, schools,
research institutes and other units

OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
BALANCE AT THE BEGINNING					
Balance carried forward	4 511	2 713	3 080	2 078	927
Adjustment (Note 11)	(1 130)	(580)	(1 703)	(893)	(540)
Adjusted balance	3 381	2 133	1 377	1 185	387
Subsidies					
— Gouvernement du Québec					
Ministère de l'Éducation	1 628	304	266	129	427
Debt servicing	67	183		118	39
Other	400	1 558	432	194	61
— Government of Canada	2 486	1 855	1 959	432	57
— Other	1 025	175	240	396	4
Investments and endowments					
Other revenue	39				
Contribution from unrestricted fund					
Recovery on prior expenditure			157		
Transfer to unrestricted fund revenue			(55)		
Transfer to unrestricted fund balance					
Transfer to the Trust Fund balance					
	9 026	6 208	4 376	2 454	975
Appropriated revenue to cover current expenses	5 687	3 663	2 499	1 332	494
BALANCE AT YEAR-END	3 339	2 545	1 877	1 122	481

UNIVERSITÉ DU QUÉBEC
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OPERATING FUND — RESTRICTED
SYNOPTIC STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
1 007	178	1 530	438	26	3 566	2 183	826	23 063	19 604
(683)	(163)	(1 529)	(430)	(26)	(962)	(349)	(789)	(9 777)	
324	15	1	8		2 604	1 834	37	13 286	19 604
351								3 105	3 080
							23 863	24 270	
	77	54			1 653	742	28	5 199	5 222
	59	10	49		2 054	999	122	10 082	9 900
54					471	674		3 039	3 709
					11			11	
					18			57	362
	4							4	2 840
								157	253
								(55)	
									61
									(2)
729	155	65	57		6 811	4 249	24 050	59 155	45 029
483	92	28	9		3 629	2 635	24 036	44 587	21 966
246	63	37	48		3 182	1 614	14	14 568	23 063

UNIVERSITÉ DU QUÉBEC
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TRUST FUND
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAR	UQ	1983 Total	1982 Total
ASSETS						
Cash deposits				278	278	305
Accounts receivable	123	1			124	63
Investments, at cost		12			12	
Inventories						57
Prepaid expenses						95
Advances:						
to restricted fund	6				6	
to the Investment Fund						30
FUND TOTAL	<u>129</u>	<u>13</u>	<u>-</u>	<u>278</u>	<u>420</u>	<u>550</u>
LIABILITIES						
Accounts payable and accrued charges						12
Owed to unrestricted fund	7	(5)	(1)	6	7	19
Interest-free borrowings, due 1989		12			12	
	<u>7</u>	<u>7</u>	<u>(1)</u>	<u>6</u>	<u>19</u>	<u>31</u>
Fund balance	122	6	1	272	401	519
FUND TOTAL	<u>129</u>	<u>13</u>	<u></u>	<u>278</u>	<u>420</u>	<u>550</u>
COMMITMENTS (Note 10)						

ON BEHALF OF THE BOARD OF GOVERNORS,

Gilles BOULET
Chairman
Roger LEFRANÇOIS
Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
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TRUST FUND
SYNOPTIC STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAR	UQ	1983 Total	1982 Total
BALANCE AT THE BEGINNING						
Balance carried forward		113	15	391	519	1 012
Adjustment (Note 11)	74	(106)		(1)	(33)	
Adjusted balance	74	7	15	390	486	1 012
Transfer from restricted fund balance						2
Contribution from unrestricted fund						76
Revenue	622	4	14	30	670	1 419
	696	11	29	420	1 156	2 509
Expenditure	574	5	28	148	755	1 990
BALANCE AT YEAR-END	122	6	1	272	401	519

UNIVERSITÉ DU QUÉBEC
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ENDOWMENT FUND
 SYNOPSIS BALANCE SHEET
 as at May 31
 (\$ THOUSANDS)

	UQTR	IAF	1983 Total	1982 Total
ASSETS				
Cash and deposits		2	2	1
Subsidies receivable	300		300	
Interest receivable	3	1	4	1
Investments, at cost	104	31	135	31
Advances to unrestricted fund				6
FUND TOTAL	407	34	441	39
LIABILITIES				
Owed to unrestricted fund	105	(9)	96	
Fund balance	302	43	345	39
FUND TOTAL	407	34	441	39

ON BEHALF OF THE BOARD OF GOVERNORS,

Gilles BOULET

Chairman

Roger LEFRANÇOIS

Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
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ENDOWMENT FUND
 SYNOPSIS STATEMENT OF FUND BALANCE
 fiscal year ended May 31
 (\$ THOUSANDS)

			1983	1982
	UQTR	IAF	Total	Total
BALANCE AT THE BEGINNING		39	39	37
Revenue	302	5	307	3
	302	44	346	40
Expenditure		1	1	1
BALANCE AT YEAR-END	302	43	345	39

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

	UQUAM	UQTR	UQAC	UQAR	UQAH
ASSETS					
Cash and deposits	18	119			
Bond issue proceeds receivable					
Accounts receivable					
Constituent units	639	269	57	229	12
Other	1		2		
Claim receivable from the ministère de l'Éducation					
Long-term subsidies receivable (Note 3)			60		
Investments (Note 5)		50			
Fixed assets (Note 6)	143 725	53 416	39 038	14 508	6 031
Contribution to constituent units Interest (Note 6)					
Deferred financial charges, at amortized cost					
FUND TOTAL	<u>144 383</u>	<u>53 854</u>	<u>39 157</u>	<u>14 737</u>	<u>6 043</u>
LIABILITIES					
Bank loans				280	
Accounts payable and accrued charges	290	98			1
Holdbacks on contracts	38	7	116	339	
Owed to:					
unrestricted fund	(205)	524	(123)	130	(21)
restricted fund	194		182	(1)	
Owed to the Trust Fund					
Reserve for acquisition of fixed assets					
Claim from the ministère de l'Éducation					
Long-term debt (Note 7)	496	1 597	60	134	268
	<u>813</u>	<u>2 226</u>	<u>235</u>	<u>882</u>	<u>248</u>
Fund balance	143 570	51 628	38 922	13 855	5 795
FUND TOTAL	<u>144 383</u>	<u>53 854</u>	<u>39 157</u>	<u>14 737</u>	<u>6 043</u>
COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS (Notes 9 & 10)					

ON BEHALF OF THE BOARD OF GOVERNORS,

Gilles BOULET

Chairman

Roger LEFRANÇOIS

Vice-president, Administration and Finance

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC BALANCE SHEET
as at May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
					1 000			1 137	1 268
									14 932
74	3		10		123	106	(1 552)	60	195
					57				
							36 569	36 569	39 288
								60	75
						495		545	573
2 083	1 831	2 461	2 109	17	18 615	21 480	2 258	307 572	272 573
									10 733
							4 406	4 406	4 364
<u>2 157</u>	<u>1 834</u>	<u>2 461</u>	<u>2 119</u>	<u>17</u>	<u>19 795</u>	<u>22 081</u>	<u>41 711</u>	<u>350 349</u>	<u>344 001</u>
						10	34 774	35 064	37 754
15		13			60	30		507	624
								500	237
59	162	(38)	10		1 068	(179)	194	1 581	519
								375	45
									30
					52			52	986
							36 569	36 569	39 288
	237					261	197 745	200 798	197 049
74	399	(25)	10		1 180	122	269 282	275 446	276 532
2 083	1 435	2 486	2 109	17	18 615	21 959	(227 571)	74 903	67 469
<u>2 157</u>	<u>1 834</u>	<u>2 461</u>	<u>2 119</u>	<u>17</u>	<u>19 795</u>	<u>22 081</u>	<u>41 711</u>	<u>350 349</u>	<u>344 001</u>

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
BALANCE AT THE BEGINNING					
Balance carried forward	131 051	47 111	33 283	9 108	4 582
Adjustments to fixed assets' acquisition in prior years			198		
Adjusted balance	131 051	47 111	33 481	9 108	4 582
Subsidies — gouvernement du Québec					
Contribution from					
unrestricted fund	1 404	766	1 123	307	542
restricted fund	73	556	708	149	35
the Trust Fund					
Interest and other revenue					
Other subsidies and contributions	110			5	
Transfer from unrestricted fund balance					
Increase in appraised value of works of art					
Université du Québec contribution	10 932	3 271	3 610	4 302	645
	143 570	51 704	38 922	13 871	5 804
Write-off and loss on disposal of fixed assets					(9)
Amortization of financial charges — discounts and unsubsidized capital spending		(76)		(16)	
Transfer to reserve for future construction					
Write-off of debenture issue charges					
Write-off of interest on refinancing and interim borrowings					
		(76)		(16)	(9)
BALANCE AT YEAR-END (including valuation surplus — Note 6)	143 570	51 628	38 922	13 855	5 795

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC STATEMENT OF FUND BALANCE
fiscal year ended May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983	1982
								Total	Total
1 781	1 214	2 073	1 658	17	16 690	20 387	(201 486)	67 469	48 336
					(74)			124	
1 781	1 214	2 073	1 658	17	16 616	20 387	(201 486)	67 593	48 336
					56		835	891	14 866
143	540	173	258		110	535	233	6 134	2 845
34	2	3			284	122		1 966	3 428
							48	48	(1)
								115	120
									258
						50		50	
228	146	238	193		1 511	933	(26 009)		
2 186	1 902	2 487	2 109	17	18 577	22 027	(226 379)	76 797	69 865
(103)	(9)	(1)			(62)	4	(6)	(186)	(399)
	(458)					(72)	(374)	(996)	(981)
					100			100	(914)
							(188)	(188)	(102)
							(624)	(624)	
(103)	(467)	(1)			38	(68)	(1 192)	(1 894)	(2 396)
2 083	1 435	2 486	2 109	17	18 615	21 959	(227 571)	74 903	67 469

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended May 31
(\$ THOUSANDS)

	UQAM	UQTR	UQAC	UQAR	UQAH
SOURCE OF FUNDS					
Net proceeds of debenture issues					
Claim — Université du Québec	10 932	3 271	3 610	4 302	645
Contribution from					
unrestricted fund	1 404	766	1 123	307	542
restricted fund	73	649	708	164	50
the Trust Fund					
Other contributions	110			5	
Subsidies — gouvernement du Québec					
Interest and other revenue					
Transfer of deferred revenue					
Transfer from unrestricted fund balance					
Sale of fixed assets		105			45
Receipt on long-term					
accounts receivable			20		
Commitments under					
capital lease contracts	417				
Reduction of investments					
	12 936	4 791	5 461	4 778	1 282
APPLICATION OF FUNDS					
Acquisition of fixed assets	13 177	4 755	5 436	5 162	1 184
Debt servicing					
Capital	199	90	15	109	24
Interest		93	5	15	15
Transfer to reserve for future					
construction					
Charges on long-term debt					
Transfer to unrestricted fund					
from deferred revenue					
Interest on bank loans					
	13 376	4 938	5 456	5 286	1 223
	(440)	(147)	5	(508)	59
INCREASE (DECREASE) IN FUND					
DISPOSABLE (UNFUNDED) BALANCE					
AT THE BEGINNING					
Balance carried forward	781	(44)	(121)	(11)	(27)
Adjustment (Note 11)					
Adjusted balance	781	(44)	(121)	(11)	(27)
DISPOSABLE (UNFUNDED) BALANCE					
AT YEAR-END (Note 8)					
	341	(191)	(116)	(519)	32

UNIVERSITÉ DU QUÉBEC
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INVESTMENT FUND
SYNOPTIC STATEMENT OF CHANGE IN FINANCIAL POSITION
for the fiscal year ended May 31
(\$ THOUSANDS)

CEUAT	ENAP	TELUQ	ETS	PRETAGEC	INRS	IAF	UQ	1983 Total	1982 Total
							16 620 (26 009)	16 620	32 434
228	146	238	193		1 511	933			
143	540	173	258		110	535	233	6 134	2 845
34	2	3			284	122	23 863	25 952	3 428
					115			230	13
					56			56	(2)
							48	48	35 026
									38
									575
									258
1	3				59	7		220	82
								20	22
	119					87		623	145
						28		28	27
406	810	414	451		2 135	1 712	14 755	49 931	74 891
409	430	843	451		2 179	1 611	(12 391)	23 246	22 692
							13 435	13 872	14 951
							23 028	23 156	20 048
					(980)			(980)	914
						1	754	755	105
									614
							2 028	2 028	6 375
409	430	843	451		1 199	1 612	26 854	62 077	65 699
(3)	380	(429)			936	100	(12 099)	(12 146)	9 192
3	(539)	454				145	(24 391)	(23 750)	(32 942)
					(884)			(884)	
3	(539)	454			(884)	145	(24 391)	(24 634)	(32 942)
	(159)	25			52	245	(36 490)	(36 780)	(23 750)

UNIVERSITÉ DU QUÉBEC
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NOTES TO FINANCIAL STATEMENTS

fiscal year ended May 31, 1983

1 - FINANCIAL STATEMENTS

The consolidated and synoptic financial statements include those of the Université du Québec and the following dependent units: the Centre d'études universitaires d'Abitibi-Témiscamingue (CEUAT, formerly CEUQ), Télé-Université (TELUQ), the Commission des programmes d'études avancées gérés conjointement (PRETAGEC), as well as those of the Université du Québec à Montréal (UQAM), Université du Québec à Trois-Rivières (UQTR), Université du Québec à Chicoutimi (UQAC), Université du Québec à Rimouski (UQAR), Université du Québec à Hull (UQAH), the Ecole nationale d'administration publique (ENAP), the Ecole de technologie supérieure (ETS), the Institut national de la recherche scientifique (INRS) and the Institut Armand-Frappier (IAF), whose assets upon liquidation become property of the Université du Québec. Financial data concerning the Presses de l'Université du Québec and IAF Production Inc. are presented separately.

For consolidation purposes, elimination of accounts took place only at the balance sheet level, those pertaining to revenue and expenditure movements among constituent units having little or no effect on operating results. Changes were made to the financial statements of some constituent units for purposes of comparison with the consolidated and synoptic statements. During the year, the Université du Québec changed its accounting policies, specified in Note 2, at the behest of the ministère de l'Éducation. Data from prior years was not altered due to inability to accurately identify the impact of accounting changes for a given year, yet shown alongside that of current financial statements for comparison purposes.

2 - ACCOUNTING POLICIES

Major accounting policies detail as follows:

(a) Fund classification

The various funds fall into five categories:

- the unrestricted Operating Fund is used to record transactions relating to current operations and to certain designated one, whether or not subject to internal restrictions, a change from prior practice which included such in the restricted Operating Fund;
- the restricted Operating Fund encompasses those resources used to cover the cost of certain designated operations subject to external restriction;
- the Trust Fund serves to record funds entrusted to the Université but which do not belong to it;
- the Endowment Fund records transactions involving financial resources derived from legacies and endowments where the capital remains intact or is assigned, along with revenue, to ends specified by the donor;
- the Investment Fund records transactions relating to fixed assets and their financing.

(b) Recording of transactions

Transactions are recorded according to generally recognized accounting principles, with the following particular applications or modifications:

- revenue in the form of subsidies for the unrestricted Operating Fund is entered on the books according to the funding regulations of the ministère de l'Éducation, with adjustments recorded under a separate item on the statement of revenue and expenditure for the year when made;
- revenue for the restricted Operating Fund is considered as earned up to the amount required to cover expenditures over revenue generated from a given activity, with the remainder accumulating in the Fund balance; surpluses on completed projects are transferred to the unrestricted Operating Fund results, except in the case of the INRS, where any surplus is transferred retroactively to the Fund balance during the following year;

- tuition fees are considered revenue for the fiscal year to which the session belongs;
- since investment earnings are subject to no external restriction and are generated from various funds, they are posted to the unrestricted Operating Fund;
- commitments for unfilled orders of goods and services are not recorded on the books, but are annotated to the financial statements and the portion to be charged to the unrestricted Operating Fund is paid out of the Fund balance. Previously those to be charged against the Fund were appropriated from revenue for the year;
- expenses for insurance, taxes, postage, stationery, office supplies and other recurring items are not deferred, except for large expenditures charged to the next fiscal year;
- no provision is recorded for holidays and accumulated sick leave on the books, nor for overtime to be taken as holidays, which are covered from current expenditure as are the cost of applying the agreement for executive staff;
- long-term debt servicing for the Investment Fund and the subsidies to cover this are charged to that fund, and as of this year, also to restricted Operating Fund results, up to the amount of subsidies received;
- capital spending under approved budgets is usually financed through debenture issues. Interest on interim financing is added to the cost of fixed assets. Acquisitions from the year's operating results are also charged to the Investment Fund. Fixed assets acquired under capital lease contracts are recorded on the books at their full value upon term, including capital, interest and the cost of the purchase option. Commitments under such contracts shown under liabilities are amortized by a yearly contribution from the unrestricted Operating Fund equal to rental charges. No depreciation is charged, rather their disposal is recorded instead. Depreciation is charged on unsubsidized capital assets, however, according to the straight-line method over their expected service life. Debenture financing and discount charges are amortized or written off according to maturity dates;
- the Université records claims on the ministère de l'Éducation for the reimbursement of capital spending and interest at the time they are recognized by the department of funded within the five-year plan to be approved by the Government, then paid by the trust company from the proceeds of debentures issued.

3 - LONG-TERM SUBSIDIES RECEIVABLE

	1983	1982
Cité de Chicoutimi, payable in annual instalments of \$ 15 000 corresponding to the capital repaid on a long- term loan of \$ 60 000 (\$ 75 000 in 1982)	60 000 \$	75 000 \$

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NOTES TO FINANCIAL STATEMENTS (cont'd)

fiscal year ended May 31, 1983

4 - INVENTORIES AND PREPAID EXPENSES

These include:

	1983	1982
Inventories for resale*	1 772 000 \$	1 887 000 \$
Prepaid expenses**	1 985 000	1 482 000
	<u>3 757 000 \$</u>	<u>3 369 000 \$</u>

* This item includes \$ 539 000 (\$ 721 000 in 1982) for vaccine and serum valued either at component cost or net realization value in the absence of a sufficient cost pricing system, \$382 000 (\$ 537 000 in 1982) for raw materials and supplies valued at the latest price invoiced by suppliers and \$ 851 000 (\$ 629 000 in 1982) for raw materials, finished goods and supplies valued at the lower of cost price and net realization value.

** Includes the cost of research and production of vaccine amounting to \$ 408 000 (\$ 546 000 in 1982), whose cost recovery is dependent on completing work on the product and favourable market conditions. Failure to realize full value means a corresponding debit for the amount. Deferred expenses at May 31, 1982 were absorbed by operations during 1983.

5 - INVESTMENTS, at cost

	1983	1982
4 950 (5 225 in 1982) class "B" shares, série 1, in IAF Production Inc., no par value, non voting, with a non-cumulative preferred dividend of 9%, callable at all times for the amount of capital paid (book value at November 30, 1982: \$ 495 000, \$ 523 000 in 1981)	495 000 \$	523 000 \$
Other	50 000	50 000
	<u>545 000 \$</u>	<u>573 000 \$</u>

6 - FIXED ASSETS

	1983	1982
Subsidized		
Land and buildings	163 496 000 \$	151 324 000 \$
Construction, improvements and alterations	36 438 000	30 436 000
Furniture, equipment and tools	81 310 000	67 156 000
Library - books	24 975 000	21 783 000
Preliminary studies and development costs	553 000	822 000
Interest on interim financing		10 733 000
	<u>306 772 000</u>	<u>282 254 000</u>
Unsubsidized, at amortized cost		
Improvements and alterations	319 000	230 000
Furniture, equipment and tools	481 000	822 000
	<u>307 572 000 \$</u>	<u>283 306 000 \$</u>

Fixed assets are recorded at cost, less depreciation in the case of unsubsidized ones, except for:

Library acquired from the gouvernement du Québec for \$ 1, whose contents are shown at the value estimated by the Université du Québec à Montréal	725 000 \$	725 000 \$
Donation from the École Commerciale de Chicoutimi Inc. to the Université du Québec à Chicoutimi, recorded as follows:		
Furniture, equipment, tools at cost to former owner	82 000	82 000
Library - books, at value estimated by former owner	50 000	50 000
Gift of works of art to the Institut Armand-Frappier, at appraised value	93 000	43 000
	<u>950 000 \$</u>	<u>900 000 \$</u>

Surpluses so created have been carried to the Investment Fund balance as surplus valuation.

7 - LONG-TERM DEBT

	1983	1982
INVESTMENT FUND		
General debentures -		
Université du Québec General debentures, bearing interest at a weighted average of 12.53% (11.82% in 1982), maturing between 1983 and 2001	197 745 000 \$	194 180 000 \$
First mortgage bonds -		
Université du Québec à Trois- Rivières - 5½%, séries "B", maturing 1983 to 2000	1 597 000	1 687 000
Université du Québec à Hull - series "B", 4.08%, matu- ring 1993 (issued in the name of Collège d'ensei- gnement général et professionnel de l'Outaouais and assumed when the Alexandre Taché school was acquired)	268 000	292 000
Balance of purchase price		
Université du Québec à Montréal - interest-free, due 1983	67 000	134 000
Université du Québec à Chicoutimi - 7%, due 1984 to 1987	60 000	75 000
Université du Québec à Rimouski - 7%, due 1984	111 000	214 000
Commitments under capital lease contracts		
Loan	950 000	467 000
	<u>200 796 000 \$</u>	<u>197 049 000 \$</u>

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NOTES TO FINANCIAL STATEMENTS (cont'd)
fiscal year ended May 31, 1983

Payments to be made over the next five years detail as follows:

1983-84	10 749 000 \$
1984-85	22 224 000 \$
1985-86	26 111 000 \$
1986-87	22 589 000 \$
1987-88	30 524 000 \$

General Université du Québec debentures are guaranteed by the corporation's general credit, while bonds issued by the Université du Québec à Trois-Rivières and the Université du Québec à Hull are secured by a first mortgage on their assets. These issues, as well as the balance of purchase price in the amount of \$ 111 000 owed by the Université du Québec à Rimouski, are guaranteed, both capital and interest, through subsidies from the gouvernement du Québec granted by Order in Council and payable out of funds voted yearly by the National Assembly in accordance with the University Investments Act.

INVESTMENT FUND

The Cité de Chicoutimi is committed to repaying the loan to the Université du Québec à Chicoutimi, capital and interest, the balance of which was \$ 60 000 at May 31, 1983.

The following debt is not recorded on the books since the Government has assumed these under Order in Council:

	1983	1982
Institut Armand-Frappier		
Bonds		
Series "A", 5½%,		
April 1, 1965, maturing		
from April 1, 1983		
to 1985	385 000 \$	562 000 \$
Series "B"		
6¼%, maturing April 1, 1987	2 100 000	2 100 000
	<u>2 485 000 \$</u>	<u>2 662 000 \$</u>

8 - UNFUNDED BALANCE - INVESTMENT FUND

The unfunded balance of the Investment Fund details as follows:

Capital spending within the five-year plan, interim financing	36 908 000 \$	24 317 000 \$
Capital spending to be charged to the Operating Fund according to the depreciation method in Note 2 (b) ix., except for \$ 29 000 (\$ 239 000 in 1982) to be funded from future unrestricted Operating Fund contributions	289 000	755 000
Capital spending to be funded	174 000	113 000
Disposable balance	(591 000)	(1 435 000)
	<u>36 780 000 \$</u>	<u>23 750 000 \$</u>

9 - CONTINGENT LIABILITIES

Lawsuits for a total of \$ 2 011 000 against the Université du Québec and its constituent units, which deny responsibility, are pending.

10 - COMMITMENTS AND SUBSEQUENT EVENTS

(a) Commitments for unfilled orders of goods and services detail as follows:

	1983	1982
Unrestricted Operating Fund	3 114 000 \$	3 436 000 \$
Restricted	945 000 \$	271 000 \$
Trust Fund	195 000 \$	
Investment Fund		
Construction of a library and alterations at the Université du Québec à Rimouski	854 000 \$	3 836 000 \$
Other commitments for the construction and acquisition of furniture, equipment and other fixed assets	1 355 000	1 316 000
	<u>2 209 000 \$</u>	<u>5 152 000 \$</u>

(b) Commitments under long-term leases amount to \$ 30 594 000 at May 31, 1983, payable in monthly instalments.

	Buildings	Furniture and Equipment
1983-84	9 213 000 \$	867 000 \$
1984-85	6 126 000	832 000
1985-86	5 001 000	493 000
1986-87	3 147 000	36 000
1987-88	2 554 000	30 000
1988-89 and subsequently	2 295 000	
	<u>28 336 000 \$</u>	<u>2 258 000 \$</u>

Some leases have provisions for rent adjustments in relation to taxes and services. Two constituent units of the Université du Québec have made a joint commitment to invest about \$ 1 100 000 in premises during 1983-84.

(c) Actuaries certify that the actuarial deficit of pension plans at December 31, 1982 amounts to \$ 3 639 000 for the Université du Québec and \$ 7 049 000 in the case of the Institut Armand-Frappier, which can be amortized by annual payments of \$ 1 917 000 in 1984 and 1985, \$ 1 575 000 in 1986, \$ 950 000 from then until 1991 and \$ 856 000 through 1995.

(d) The Université du Québec offered \$ 17 million of debentures on June 15, 1983 at rates varying from 10.5% to 12.5% and maturing at dates through June 15, 2003, whose proceeds will serve to reduce Investment Fund bank loans.

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NOTES TO FINANCIAL STATEMENTS (cont'd)
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(e) Purchase of cultural assets

Under the terms of a purchase agreement dated April 1, 1983, the Université du Québec à Trois-Rivières made a commitment to buy certain cultural assets (Robert-Lionel Séguin collection), payable to the seller by means of an annuity of \$ 65 000 as of April 1, 1983. In the event of the seller's death, the commitment is limited to amounts already paid, plus \$ 150 000 to heirs.

With a view to financing this acquisition, the ministère de l'Éducation paid \$ 300 000 through the Université du Québec to the Endowment Fund. Sundry other agreements should cover commitments arising from the transaction.

The acquisition has not been recorded on the books because of terms which have not yet been fully resolved.

11 - ACCOUNTING ADJUSTMENTS

Accounting adjustments resulting from the changes to accounting practice mentioned in Notes 1 & 2 detail as follows:

	FUND BALANCE		Trust Fund
	Operating Fund		
	Unrestricted	Restricted	
Disposable balance at May 31, 1982 on projects formerly charged to the restricted fund and cancellation of provisions for executive agreements	9 897 000 \$	(9 897 000) \$	
Transfer of unrestricted Operating Fund expenditure formerly charged to the restricted fund	(161 000)	161 000	
Cancellation of the provision for current commitments at May 31, 1982	3 436 000	(41 000)	41 000 \$
Transfer to the Trust Fund	74 000		(74 000)
Transfer from the Trust Fund			
Transfer of part of the reserve for the acquisition of fixed assets	884 000		
Transfer to the balance	14 130 000 \$	(9 777 000) \$	(33 000) \$

12 - CONTRIBUTION FOR BUDGETARY DEFICITS

This item represents the Université's lump-sum contributions, including interest, under the 1982-1985 plan to balance the budget approved by the Board of Governors. Borrowings under the plan are paid for from adjustments to basic Université funding or, if required, from regular ministère de l'Éducation subsidies.